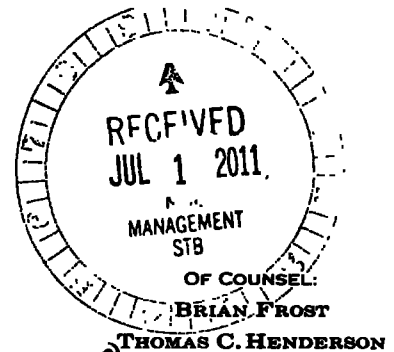


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230548

June 30, 2011

Ms. Cynthia T. Brown, Chief  
Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423-0001

ENTERED  
Office of Proceedings  
JUL - 1 2011  
Part of  
Public Record

Re: STB Docket No. AB-1053 (Sub-No. 2X),  
Michigan Air-Line Railway Co.-  
Abandonment Exemption-Line in Oakland County, Michigan

Dear Ms. Brown:

Enclosed for filing in your office are the original and ten copies of a Petition for Exemption from the abandonment requirements of 49 U.S.C. § 10903. A check, payable to the Surface Transportation Board in the amount of \$6,300.00, is enclosed in payment of the filing fee. Also enclosed is a diskette containing a draft of the Federal Register Notice in Word format.

In addition, I have enclosed an extra copy of the Petition, and I request that you date-stamp this copy and return it to me. For your convenience, I am enclosing a self-addressed and stamped envelope.

Thank you for your assistance in this matter. If there are any questions concerning this filing, please contact me by telephone at (785) 232-0753 or by email at the email address shown above.

Very truly yours,

W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
CONKLIN, BURGHART & CROW, L.L.C.

WRA:bjb  
Enclosures  
cc: R. Robert Butler  
Dirk H. Beckwith, Esq.

**FILED**

JUL - 1 2011

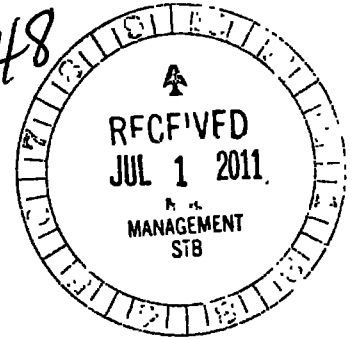
**SURFACE  
TRANSPORTATION BOARD**

FILE RECEIVED

JUL - 1 2011

SURFACE  
TRANSPORTATION BOARD

230548



**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

**ENTERED  
Office of Proceedings**

**JUL - 1 2011**

**Part of  
Public Record**

**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

**PETITION FOR EXEMPTION**

**FEE RECEIVED  
JUL - 1 2011  
SURFACE  
TRANSPORTATION BOARD**

**FILED  
JUL - 1 2011  
SURFACE  
TRANSPORTATION BOARD**

W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
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2101 S.W. 21<sup>st</sup> Street  
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Fax: (785) 232-1866  
Counsel for Michigan Air-Line Railway Co.

Dated: July 1, 2011

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

---

**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

---

**PETITION FOR EXEMPTION**

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The Michigan Air-Line Railway Co. ("MAL Railway") petitions the U.S. Surface Transportation Board ("STB" or "Board") to exempt, pursuant to 49 U.S.C. § 10502, MAL Railway's approximately 5.45 miles of rail line ("Line") located entirely in Oakland County, Michigan from the requirements of 49 U.S.C. § 10903.

There is one shipper on the Line, and the revenues generated by serving this shipper are not adequate to offset the costs of such service. The abandonment of the Line will allow MAL Railway to avoid the costs incurred by ownership of the Line.

## **PROPOSED TRANSACTION**

MAL Railway proposes to abandon approximately 5.45 miles of its Line located entirely in Oakland County, Michigan, extending westerly from the west line of Haggerty Road to the Line's intersection with the right-of-way line of CSX Transportation, Inc. (The Line is more particularly described subsequently in the Background section.) Upon abandonment of the Line, MAL Railway's first priority is to sell the right-of-way to an appropriate governmental entity for use as a recreational trail. Accordingly, after abandonment and prior to such sale, the rails, ties and other track materials (except ballast) will be salvaged, and the roadbed will be graded so that it is suitable for recreational trail use. Various governmental entities in Michigan, including the Commerce, Walled Lake and Wixom Trailway Management Council ("Council"), have expressed interest in acquiring the abandoned right-of-way for use as a recreational trail. This is more fully explained in the Combined Environmental and Historic Report, which is attached to this Petition for Exemption ("Petition") as **Exhibit F**.

Based on information in MAL Railway's possession, the Line does not contain federally granted right-of-way. Any documentation in MAL Railway's possession concerning title to the right-of-way will be made available to those requesting it. A depot is located partially on the right-of-way at Walled Lake, Michigan. The possible historic significance of the depot is discussed in the Combined Environmental and Historic Report.

### **Zip Codes Traversed**

The Line lies entirely within U.S. Postal Service zip codes 48390 and 48393.

### **Labor Protection**

The interests of affected railroad employees, if any, will be protected by the conditions discussed in Oregon Short Line Railroad Co. – Abandonment – Goshen, 360 I.C.C. 91 (1979). See, also, Oregon Pacific & Eastern Railway Company, 1994 WL 559390 (I.C.C. Oct. 04, 1994) (No. AB-401, Sub-1).

### **Corporate Information**

The Petitioner is a Michigan corporation in good standing, and its full, legal name is Michigan Air-Line Railway Co. The address of its principal place of business is 7160 S. 29<sup>th</sup> Street, Suite 3, Lincoln, Nebraska 68516.

### **MAL Railway's Representative.**

The representative of MAL Railway to whom correspondence regarding this proposed abandonment should be sent is:

W. Robert Alderson  
Alderson, Alderson, Weiler,  
Conklin, Burghart & Crow, L.L.C.  
2101 S.W. 21<sup>st</sup> Street  
Topeka, Kansas 66604  
Tele: (785) 232-0753  
FAX: (785) 232-1866

### **Exhibits**

The exhibits to this Petition are as follows:

**Exhibit A** contains a draft Federal Register Notice.

**Exhibit B** contains colored maps of the Line. **Exhibit B-1** is a map which was included as Figure 2 in the Acquisition section of the Council's grant application to the Michigan Natural Resources Trust Fund ("MNRTF"). It shows the numerous wetlands adjoining the Line, which is highlighted in pink. **Exhibit B-2** shows the entirety of MAL Railway's rail line in Oakland County, Michigan, highlighted in yellow, and it shows the proximity of the rail line to other recreational trails. This map is contained in the Michigan Air-Line Railway Trailway Master Plan 2009-2014, which was prepared by the Council. This map illustrates the potential future use of the entirety of MAL Railway's railroad right-of-way in Oakland County, Michigan, as a recreational trail. It should be noted that the portion of MAL Railway's rail line contained in West Bloomfield Township was authorized for abandonment in STB Docket No. AB-1053X (Service Date: August 24, 2010). Prior to its abandonment, the West Bloomfield Parks and

Recreation Commission had agreed to purchase from MAL Railway the abandoned line's right-of-way in West Bloomfield Township, for use as a recreational trail, as an extension of the existing West Bloomfield Trail. Closing on that sale and transfer of title to the abandoned right-of-way occurred on December 13, 2010.

**Exhibit C** contains Certifications of Service and Publication. Specifically, it contains a Certificate of Service required by 49 CFR § 1152.60(d) and a Certificate of Publication of a "Notice of Intent to Abandon" in compliance with 49 CFR § 1105.12.

**Exhibit D** is the verified statement of R. Robert Butler, President of MAL Railway.

**Exhibit E** contains the verified statement of Martin Ramsey, Chief Financial Officer of MAL Railway.

**Exhibit F** is the Combined Environmental and Historic Report required by 49 CFR §§ 1105.7 and 1105.8. Preceding the Report is a Certificate of Service of the proposed Combined Environmental and Historic Report in compliance with the requirements of 49 CFR §§ 1105.7 and 1105.8.

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## **BACKGROUND**

MAL Railway is a Class III common carrier by railroad subject to 49 U.S.C. Subtitle IV. It was organized as Coe Rail, Inc., a Michigan corporation, on January 31, 1984. Its name was changed to Michigan Air-Line Railway Co. on June 28, 2006. At that time, all of the stock in MAL Railway was owned by Railmark Holdings, Inc. ("Railmark"). As explained in the Verified Statement of R. Robert Butler ("Butler VS"), which is attached to this Petition as (Exhibit D), on November 11, 2009, Browner Turnout Co. acquired from Railmark all of the issued and outstanding stock in MAL Railway. Said stock was subsequently transferred to RKB Holdings, Inc. Butler VS at 3.

On January 28, 2011, MAL Railway filed a Petition for Exemption ("Prior Petition") in STB Docket AB-1053 (Sub-No. 1X), seeking authority to abandon the Line. On May 18, 2011, the Board issued its decision ("May 18<sup>th</sup> Decision") in that docket, denying MAL Railway's Petition for Exemption, by reason of MAL Railway's failure to provide sufficient evidence as to the expenses incurred and revenues derived by MAL Railway in the operation of the Line. May 18<sup>th</sup> Decision at 4,5. The Board's decision, however, was without prejudice to MAL Railway filing another Petition for Exemption, which is accomplished in this docket. May 18<sup>th</sup> Decision at 6.

Subsequent to the Board's May 18<sup>th</sup> Decision, MAL Railway has done the following to address the deficiencies noted by the Board in MAL Railway's Prior Petition:

1. MAL Railway contracted with Bowen's Appraisal Service to update the prior appraisal of the Line. The updated appraised value enables an accurate calculation of the Line's Net Liquidation Value, which is an element required for the calculation of MAL Railway's Opportunity Costs. Verified Statement of Martin Ramsey ("Ramsey VS"), which is attached to the Petition as Exhibit E, at 4; Butler VS at 4.

2. MAL Railway engaged Landreth Engineering, LLC, to perform an inspection of the Line, to determine the extent of its compliance with the Federal Railroad Administration's Class 1 Maintenance Standards. Ramsey VS at 4; Butler VS at 5. The inspection was performed by Edward Landreth, P.E., ("Mr. Landreth") and a copy of his report is attached as an exhibit to Martin Ramsey's Verified Statement (**Exhibit E**), and Mr. Ramsey discusses the implications of Mr. Landreth's recommendations as to actions needed for the rehabilitation of the Line to FRA Class 1 Maintenance Standards. The costs of the recommended actions establish the Line's maintenance and rehabilitation costs. Ramsey VS at 10-12.

3. MAL Railway has terminated the use of a contract operator to provide rail freight service to APT. Effective June 10, 2011, MAL Railway is providing such service directly to APT, and MAL Railway has employed B. Allen Brown ("Mr. Brown") to arrange for the provision of such rail service. Butler VS at 5; Ramsey VS at 2.

4. MAL Railway has obtained the Service Provider's books and records reflecting the revenues received and expenses incurred in providing rail service to APT for calendar year 2010 and for the first five months of 2011. He also received a financial summary of MAL Railway's operations for calendar years 2008 and 2009. In his Verified Statement (**Exhibit E**) Martin Ramsey ("Mr. Ramsey") has utilized the historical data he derived from his review of these financial records and has projected the revenues and expenses for a forecast year ("Forecast Year"), commencing June 1, 2011 and extending to May 31, 2012. The Forecast Year revenues and expenses are discussed in detail subsequently. Ramsey VS at 6-9.

**A. Description of the Line**

The Line lies entirely in Oakland County, Michigan, and it is a rail corridor, generally 50.0 feet in width, the centerline of which intersects the west line of Haggerty Road at Railroad Milepost 45.26 (Engineer's Profile Station 2389+72), Section 25, Town 2 North, Range 8 East of the 6<sup>th</sup> P.M., and which extends westerly through Sections 25, 26, 35, 34, 33 and 32, Town 2

North, Range 8 East of the 6<sup>th</sup> P.M., to its intersection with the right-of-way line of CSX Transportation, Inc., in the City of Wixom, Michigan, at Railroad Milepost 50.65 (Engineer's Profile Station 2677+67), Section 31, Town 2 North, Range 8 East of the 6<sup>th</sup> P.M. Said centerline is approximately 5.45 miles in length.

As explained by Mr. Ramsey, the entire Line is not required to provide service to APT. The segment of the Line required to serve APT ("Service Line") is 3.65 miles in length, extending from Railroad Milepost 47.00, which is a short distance from the west line of Decker Road, to Railroad Milepost 50.65 at the CSX interchange. Using the track east of the Walled Lake Depot to nearly Decker Road facilitates the delivery of cars to APT. Ramsey VS at 2.

**B. Traffic on the Line**

The only shipper on the Line is American Plastic Toys, Inc. ("APT"), located at 799 Ladd Road, Walled Lake, Michigan 48390. MAL Railway delivers to APT only inbound traffic, which consists of plastic pellets in hopper cars. APT ships out plastic toys via motor carrier. Over the past several years, APT's traffic volume has decreased substantially. In 2008, there were 67 shipments on the Line, including 57 carloads delivered to APT; in 2009, APT received 52 carloads; and in 2010, APT received 52 carloads. In 2011, during the approximately six (6) months prior to the filing of this Petition, APT received 11 carloads from MAL Railway. Butler VS at 3; Ramsey VS at 7.

**C. Operating Revenues and Expenses**

From November 11, 2009, to June 10, 2011, MAL Railway contracted with a third party ("Service Provider") to satisfy MAL Railway's common carrier obligation to provide service to APT. Ramsey VS at 2. However, on June 10, 2011, MAL Railway terminated that arrangement and commenced providing rail freight service directly to APT. Ramsey VS at 2. Immediately prior to making that change, Mr. Ramsey obtained from the Service Provider its financial records regarding the rail service it provided to APT during calendar year 2010 and through May 31 in

calendar year 2011. Ramsey VS at 2. Mr. Ramsey also obtained a financial summary of MAL Railway's service to APT during calendar years 2008 and 2009, prior to the acquisition of MAL Railway by Browner Turnout Co. in November of 2009. Ramsey VS at 5.

Based on this historical data, Mr. Ramsey projected the revenues to be derived and the expenses to be incurred by MAL Railway in serving APT during the Forecast Year. Ramsey VS at 6. The revenues and expenses were presented by Mr. Ramsey in the form of a profit and loss statement, which was contained in an exhibit attached to Mr. Ramsey's Verified Statement. Ramsey VS at 3.

The Forecast Year revenues and expenses were projected on the historical basis of 52 carloadings during the Forecast Year, as there were 52 carloads delivered to APT during each of the calendar years 2009 and 2010. Mr. Ramsey stated his assumption that APT's 11 carloadings during the first five months of 2011 were an abnormality and that, rather than extrapolate an annual carloading projection based on the 11 carloads delivered through May 31, 2011, it would be more appropriate to use the historical figure of 52 carloads. Ramsey VS at 7.

Mr. Ramsey's Forecast Year projections produced total revenues of \$124,530.00 and expenses of \$137,420.00. The revenues were based in part on a monthly rate of \$7,250.00, which is the rate charged APT by the Service Provider during the latter part of 2010 and during all of 2011, and which MAL Railway is charging APT currently. Revenues also include the division of revenues to be received by MAL Railway from CSX Transportation, Inc., at the rate of \$695.00 per carload. Ramsey VS at 7.

With two notable additions, the Forecast Year expenses are for the same expense items used by the Service Provider in compiling its expenses. The first addition to expenses is a line item for salaries and wages. Subsequent to terminating the use of the Service Provider, MAL Railway employed Mr. Brown to arrange for the rail freight service provided by MAL Railway to APT. This expense was not shown on the Service Provider's compilation of expenses,

presumably because of the Service Provider relying on net profit as management compensation. Ramsey VS at 8.

The second addition to expenses is a line item for locomotive usage. During 2010, MAL Railway enjoyed a no-cost lease of a Switch Engine from Laurence I. Coe ("Coe"), one of the principals of Railmark, the prior owner of MAL Railway. Accordingly, MAL Railway allowed the Service Provider to use the Switch Engine to provide service to APT at no cost. Ramsey VS at 5. Thus, the Service Provider's compilation of operating expenses did not include a line item for locomotive usage. Ramsey VS at 6. However, MAL Railway's no-cost lease terminated by its terms in early 2011, and Mr. Brown is purchasing the Switch Engine from Coe pursuant to an installment purchase agreement. Ramsey VS at 6, 8. Mr. Brown is allowing MAL Railway to use the Switch Engine to provide service to APT, so MAL Railway is compensating Mr. Brown for such usage in the amount of the monthly payment required of Mr. Brown under the installment purchase agreement. That amount is reflected in the "Locomotive Usage" line item in the Forecast Year expenses. MAL Railway believes this amount is commercially reasonable.

**D. Maintenance and Rehabilitation Costs.**

Previously, in the Background section of this Petition, it was stated that MAL Railway engaged Landreth Engineering, L.L.C., to perform an inspection of the Line, to determine its compliance with the Federal Railroad Administration's Class 1 Maintenance Standards. The inspection was performed by Mr. Landreth, and a copy of his report and recommendations is attached as an exhibit to Mr. Ramsey's Verified Statement. Ramsey VS at 10.

Mr. Landreth's inspection of the Line was to determine the Line's compliance with the FRA's Track Safety Standards set forth in 49 C.F.R. Part 213. Ramsey VS at 10. Pursuant to these regulations, the Line is in the Class 1 category, so Mr. Landreth conducted his inspection pursuant to Class 1 Maintenance Standards. Ramsey VS at 10. Mr. Landreth's report recommends that various actions be taken to achieve FRA Class 1 Maintenance Standards. The

report also contains Mr. Landreth's estimated costs to achieve his recommendations. The total cost of the Line's rehabilitation is estimated by Mr. Landreth to be \$4,050,902.28. Ramsey VS at 11.

At the request of Mr. Ramsey, Mr. Landreth supplemented his report by identifying the maintenance actions which are more immediate and those which are long term. He did this with two, separate documents, which also are attached to Mr. Ramsey's Verified Statement. Ramsey VS at 11. The more immediate actions were contained in a document which Mr. Ramsey refers to as Maintenance of Way/Rehabilitation Costs. The other document is referred to by Mr. Ramsey as Long-term Rehabilitation Costs. The Maintenance of Way/Rehabilitation Costs are in the total amount of \$635,566.42. Ramsey VS at 11.

Since Mr. Landreth intended that the actions to be taken immediately would commence in 2011, Mr. Ramsey related the Maintenance of Way/Rehabilitation Costs to the Forecast Year revenues and expenses, which show a net operating loss of \$12,890.00, and he indicated that it was "stating the obvious" to observe that the Forecast Year revenues cannot support any of the Maintenance of Way/Rehabilitation Costs. He further stated that it cannot reasonably be expected that the revenues generated by APT's traffic will ever be able to support the Long-Term Rehabilitation Costs. Ramsey VS at 11. In fact, Mr. Ramsey further observes that the revenues generated historically by MAL Railway in serving APT have never been adequate to support any significant amount of maintenance expense. The financial records reviewed by Mr. Ramsey for MAL Railway's operations in calendar years 2008 and 2009 included modest amounts for maintenance, but the revenues generated in those years were not adequate to support such activities. Ramsey VS at 12.

Mr. Ramsey also references grade crossing maintenance issues and issues relating to grade crossing warning device repairs. Ramsey VS at 12. These issues have been discussed with officials at the Michigan Department of Transportation, and these officials have agreed to defer

any enforcement action until it is known whether the authority to abandon the Line will be granted pursuant to this Petition.

**E. Opportunity Costs**

Opportunity costs (or total return on value of road property) reflect the economic loss experienced by a carrier from forgoing a more profitable alternative use of its assets. Under *Abandonment Regulations – Costing*, 3 ICC 2d 340 (1987), the opportunity cost of road property is computed on an investment base equal to the sum of (1) allowable working capital, (2) the net liquidation value (NLV) of the Line, and (3) current income tax benefits (if any) resulting from abandonment. The investment base (or valuation of the road properties) is multiplied by the current nominal rate of return, to yield the nominal return on value. The nominal return is then adjusted by applying a holding gain (or loss) to reflect the increase (or decrease) in value a carrier will expect to realize by holding assets for one additional year.<sup>1</sup>

1. **Calculation of Net Salvage Value (“NSV”).** As noted previously, the segment of MAL Railway’s rail line in West Bloomfield Township has been abandoned pursuant to a Notice of Exemption in STB Docket AB-1053X (Service Date: August 24, 2010). Upon abandonment, MAL Railway sold to a salvage company the rails, ties and other track materials (except ballast) on the abandoned line. That same company has provided MAL Railway with a bid to conduct salvage operations on the Line upon its abandonment, a bid which remains firm until March 11, 2012. The bid for the rail, ties and other track materials for the entirety of the Line (5.45 miles) is \$543,500, which constitutes the Net Salvage Value (“NSV”) for the Line.

2. **Calculation of the Value of Real Estate (“VRE”).** The appraised value of the Line is \$4,335,500.00, which is the Value of Real Estate (“VRE”) for purposes of calculating opportunity costs. Butler VS at 4.

3. **Calculation of Fifteen Days Working Capital.** The annual costs of operating the Line are determined by adding together the Line’s annual operating and maintenance costs. The estimated operating costs for the Forecast Years are \$137,420.00 (Ramsey VS at Exhibit 3), and the maintenance costs estimated by Mr. Landreth for the first year of his projected 5-year

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<sup>1</sup> *Wisconsin Central Ltd. – Abandonment – in Ozaukee, Sheboygan and Manitowoc Counties, WI*, STB Docket No. AB-303 (Sub-No. 27) (STB Served October 18, 2004), at 10-11.

Maintenance Plan are \$635,566.42. The total of these costs (\$772,986.42) constitutes the estimated annual costs of the Line. Working capital, for the calculation of opportunity costs, is calculated as 15 days of the costs of the Line. Therefore, the annual costs of the Line is divided by 365 ( $\$772,986.42/365 = \$2,117.77$ ), and the result is multiplied by 15 ( $\$2,117.77 \times 15 = \$31,766.55$ ) to obtain 15 days of working capital in the amount of \$31,766.55.

4. **Nominal Cost of Capital.** The Board, as recently as 2010, has accepted the nominal cost of capital for a Class III railroad of 15.58%.<sup>2</sup> Therefore, MAL Railway will use 15.58% as the nominal cost of capital in calculating the opportunity costs of the Line.

5. **Income Tax Consequences.** Under *Abandonment Regulations – Costing* 3 ICC 2d 340 (1987), there would be no current income tax benefit resulting from abandonment.

6. **Holding Gain.** Because of a bona fide bid of \$543,500 for the track assets, and the probability of selling the abandoned right-of-way for its appraised value, MAL Railway estimates that there will be no holding gain or loss by holding the assets for one additional year. The Board has accepted such an analysis.<sup>3</sup>

7. **Calculation of Opportunity Costs.** The following Table shows the opportunity cost calculation:

Working Capital	\$ 31,766.55
NLV (NSV + VRE)	\$4,879,000.00
Taxes	\$ -0-
Valuation	\$4,910,766.55
Nominal Rate of Return	<u>15.58%</u>
Opportunity Costs	\$ 765,097.42
Holding Gain or Loss Adjustment	\$ -0-

<sup>2</sup> See, *Railroad Cost of Capital-2009*, STB Ex Parte No. 558 (Sub-No.13) (STB Served October 29, 2010).

<sup>3</sup> *Southwestern Railroad Company, Inc. – Abandonment Exemption – in Ellis County, OK, and Lipscomb, Ochiltree, and Hansford Counties, TX*, STB Docket No. AB-341 (Sub-No. 1X) (STB served November 20, 2007) at 2.

**F. Alternate Transportation**

As noted in the Verified Statement of R. Robert Butler, subsequent to the time when MAL Railway advised APT of its intent to abandon the Line, APT has secured multiple bids for the transloading of its inbound material. Butler VS at 3.

**G. Summary**

Continued ownership and operation of the Line by MAL Railway will continue to be a burden on MAL Railway and interstate commerce. The revenues generated in the Forecast Year, which are calculated on the basis of 52 carloadings, are not sufficient to cover the estimated operating expenses and, of course, do not allow for any profit. The Forecast Year projects a net operating loss of \$12,890.00, and if that projected loss materializes, the monthly rate charged to APT may need to be increased.

Furthermore, it should be recognized that the projected 52 carloadings may be overly optimistic. As previously stated, through May 31, 2011, there were 11 carloadings in 2011. As of June 29, 2011, two additional carloads had been delivered to APT, making a total of 13 carloadings for nearly the first six months of 2011. If that number foretells the annual carloadings in 2011, the Forecast Year revenues will be greatly reduced, making it even more difficult for MAL Railway to cover its fixed costs and even less likely that MAL Railway can earn a profit from its operation of the Line to provide service to APT.

More importantly, the Forecast Year revenues do not permit expenditures in the Forecast Year for the estimated Maintenance of Way/Rehabilitation Costs of \$635,566.42 to be incurred in the first year of the 5-year Maintenance Plan recommended by Mr. Landreth. Nor can it reasonably be expected, that the revenues generated by APT's traffic will ever be sufficient to support the Long-Term Rehabilitation Costs.

Finally, if the Line is not abandoned, MAL Railway incurs Opportunity Costs of \$765,097.42.

When these facts are considered in balancing the harm to MAL Railway and interstate commerce against the harm to APT and local interests, the balance clearly favors abandonment.

*(The remainder of this page intentionally left blank.)*

## **ARGUMENTS SUPPORTING THE ABANDONMENT**

MAL Railway seeks an exemption under 49 U.S.C. § 10502 from the applicable requirements of 49 U.S.C. § 10903, in order to abandon the Line. Under 49 U.S.C. § 10502, the Board must exempt a transaction from regulation when it finds that (1) regulation is not necessary to carry out the transportation policy of 49 U.S.C. § 10101 and (2) either (a) the transaction is of limited scope or (b) regulation is not necessary to protect shippers from the abuse of market power.

The legislative history of Section 10502 reveals a clear congressional intent that the Board should liberally use its exemption authority to free certain transactions from the administrative and financial costs associated with continued regulation. In enacting the Staggers Rail Act of 1980, Pub. L. No. 96-488, 94 Stat. 1895, Congress encouraged the Board's predecessor agency (Interstate Commerce Commission) to liberally use the expanded exemption authority under former Section 10505:

The policy underlying this provision is that while Congress has been able to identify broad areas of commerce where reduced regulation is clearly warranted, the Commission is more capable through the administrative process of examining specific regulatory provisions and practices not yet addressed by Congress to determine where they can be deregulated consistent with the policies of Congress. The conferees expect that, consistent with the policies of this Act, the Commission will pursue partial and complete exemption from remaining regulation.

H.R. Rep. No. 1430, 96<sup>th</sup> Cong. 2d Sess. 105 (1980). See, also, *Exemption from Regulation – Boxcar Traffic*, 367 I.C.C. 424, 428 (1983) (vacated and remanded on other grounds). *Brae Corp. v. United States*, 740 F.2d. 1023 (D.C. Cir. 1984). Congress reaffirmed this policy in the conference report accompanying the ICC Termination Act of 1995, Pub. L. No. 104-88, 109 Stat. 803, which re-enacted the rail exemption provision as Section 10502. H.R. Rep. No. 422, 104<sup>th</sup> Cong. 1<sup>st</sup> Sess. 168-69 (1995).

**A. The application of 49 U.S.C. § 10903 is not necessary to carry out the rail transportation policy.**

Detailed scrutiny of this transaction is not necessary to carry out the rail transportation policy. An exemption will minimize the unnecessary expenses associated with the preparation and filing of a formal abandonment application, expedite regulatory decisions and reduce regulatory barriers to exit. 49 U.S.C. § 10101 (2) and (7).

Subsequent to MAL Railway advising APT that it intended to abandon the Line, APT secured multiple bids to provide APT with alternate transportation services.

MAL Railway will avoid significant costs through an exempt abandonment procedure.

**B. This transaction is of limited scope.**

The proposed transaction is of limited scope. MAL Railway seeks to abandon 5.45 miles of rail line in one county in the State of Michigan.

**C. This transaction will not result in an abuse of market power.**

MAL Railway is abandoning the Line. APT, the only shipper on the Line, has secured multiple bids to provide it with alternate transportation service. Even if the alternate transportation service involves a higher cost, it is still less than the rates that MAL Railway would need to charge in order to recover maintenance and rehabilitation costs.

*(The remainder of this page intentionally left blank.)*

## CONCLUSION

Application of the regulatory requirements and procedures of 49 U.S.C. § 10903 to the abandonment of the Line proposed by MAL Railway is not required to carry out the rail transportation policy set forth in 49 U.S.C. § 10101, as previously shown. Nor is Board regulation required to protect shippers from the abuse of market power. Moreover, this abandonment is of limited scope. Accordingly, MAL Railway respectfully requests the Board to grant an exemption for the proposed abandonment of the Line.

Respectfully Submitted,



W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
CONKLIN, BURGHART & CROW, L.L.C.  
2101 S.W. 21<sup>st</sup> Street  
Topeka, Kansas 66604  
(785) 232-0753

Attorney for Michigan Air-Line Railway Co.

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

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**PETITION FOR EXEMPTION**

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**EXHIBIT A**

**FEDERAL REGISTER NOTICE**

MICHIGAN AIR-LINE RAILWAY CO.- ABANDONMENT EXEMPTION-  
IN OAKLAND COUNTY, MI

Notice of Petition for Exemption to Abandonment

On July 1, 2011, Michigan Air-Line Railway Co. ("MAL Railway") filed with the Surface Transportation Board, Washington, DC 20423, a petition for exemption for the abandonment of its rail line ("Line") in Oakland County, Michigan, which consists of a rail corridor, generally 50.0 feet in width, the centerline of which commences at Railroad Milepost 45.26 (Engineer's Profile Station 2389+72) at the west line of Haggerty Road and extends westerly to its intersection with the right-of-way line of CSX Transportation, Inc., at Railroad Milepost 50.65 (Engineer's Profile Station 2677+67) in the City of Wixom, Michigan. The Line traverses U.S. Postal Service zip codes 48390 and 48393.

The Line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

The interest of railroad employees, if any, of MAL Railway will be protected by *Oregon Short Line R Co.- Abandonment-Goshen*, 360 I C C 91 (1979).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

All interested persons should be aware that following abandonment of rail service and salvage of the Line, the Line may be suitable for other public use, including interim trail use. Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis.

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by the Board's Office of Environmental Analysis, will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Office of Environmental Analysis. EA's in an abandonment proceeding pursuant to a petition for exemption normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION –  
LINE IN OAKLAND COUNTY, MICHIGAN**

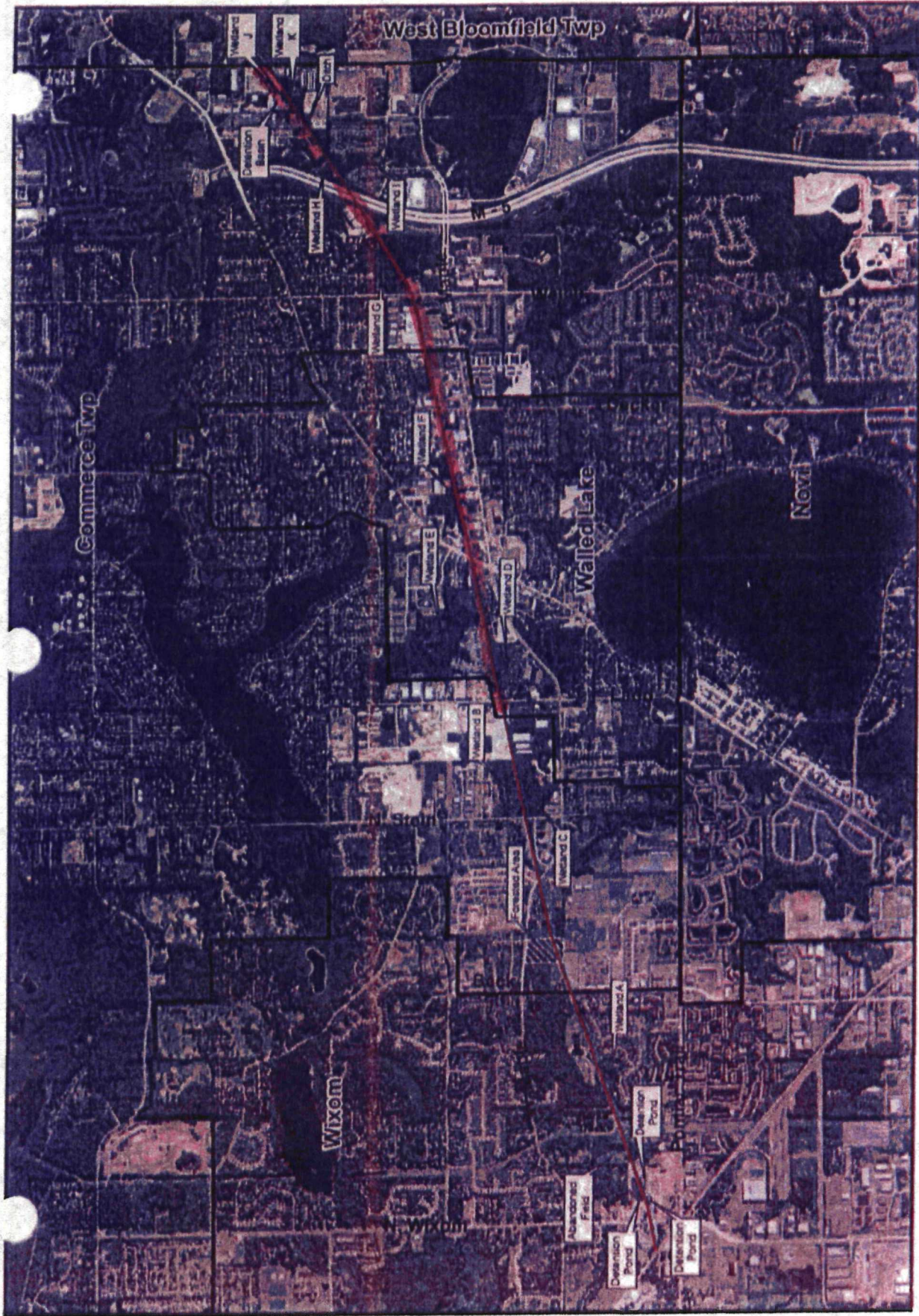
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**PETITION FOR EXEMPTION**

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**EXHIBIT B**

**MAPS**



## Coe Railroad

Oakland County, MI

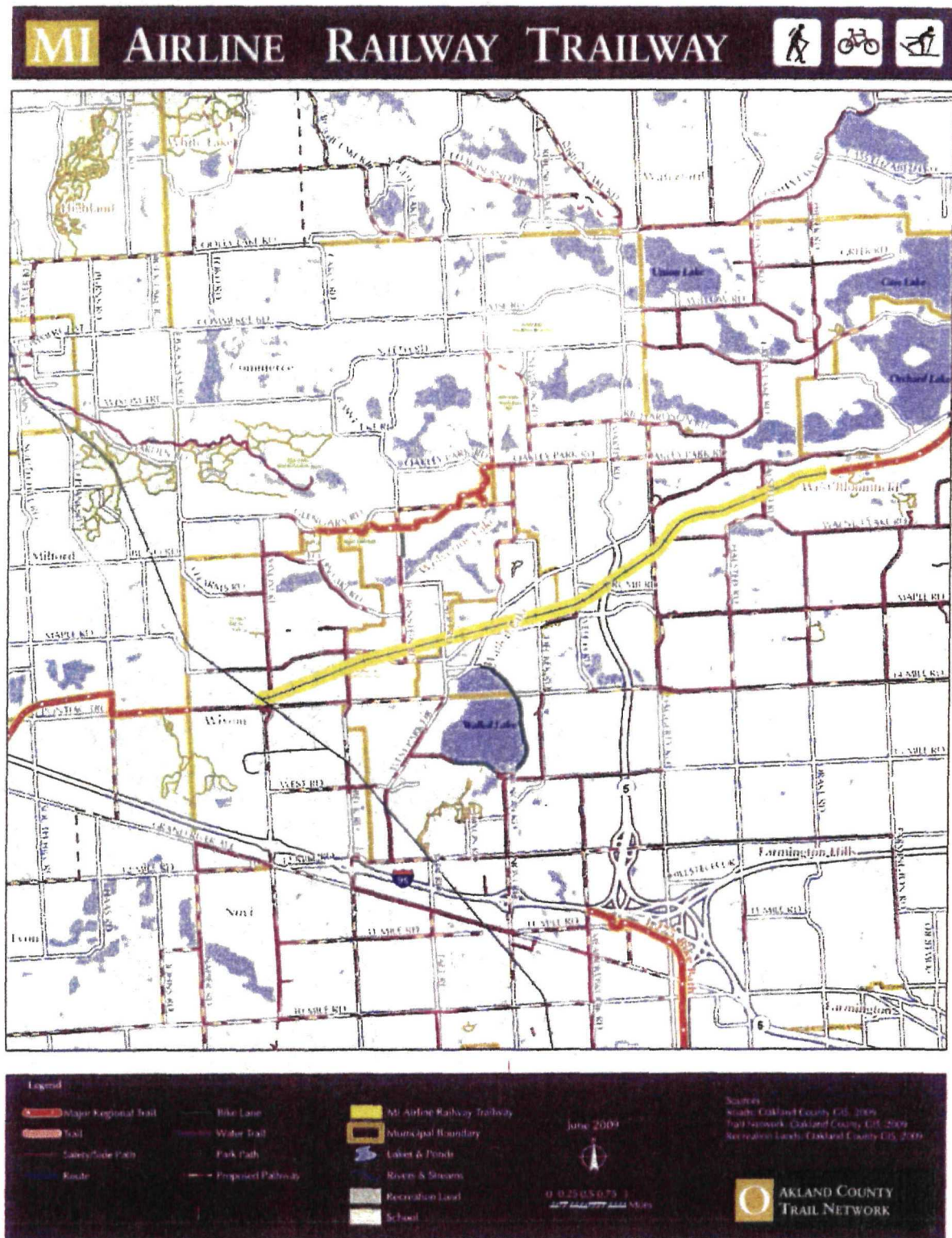


Created for: City of Walled Lake, City of Wixom, & Charter Township of Commerce  
 Created by: AGS, July 31, 2009, ASTI Project 7075

Figure 2 - Site Features

Exhibit B-1

July 30, 2009



**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

---

**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION --  
LINE IN OAKLAND COUNTY, MICHIGAN**

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**PETITION FOR EXEMPTION**

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**EXHIBIT C**

**CERTIFICATIONS OF  
SERVICE/PUBLICATION**

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that, in accordance with the provisions of 49 CFR § 1152.60(d), the Petition for Exemption in STB Docket No. AB-1053 (Sub-No. 2X), *Michigan Air-Line Railway Co. – Abandonment Exemption – Line in Oakland County, Michigan* was mailed via first-class mail, postage prepaid, on June 30, 2011, to the following parties:

### **State Public Service Commission**

Michigan Public Service Commission  
P.O. Box 30221  
Lansing, Michigan 48909

### **Department of Defense (Military Traffic Management Command, Transportation Engineering Agency, Railroads for National Defense Program)**

SDDC TEA  
Attn: MTT-SA  
Dave Dorfman  
709 Ward Drive, Bldg. 1990  
Scott Airforce Base, Illinois 62225

### **National Park Service**

Charlie Stockman  
Rivers, Trails and Conservation Assistance Program  
National Park Service  
1201 Eye St., NW, Suite 550B  
Washington, DC 20005

### **U.S. Department of Agriculture**

U.S. Forest Service  
1400 Independence Ave., S.W.  
Washington, D.C. 20250-0003

**American Plastic Toys, Inc.**

American Plastic Toys, Inc.  
799 Ladd Road  
Walled Lake, Michigan 48390

June 30, 2011

A handwritten signature in black ink, appearing to read 'W. Robert Alderson', written over a horizontal line.

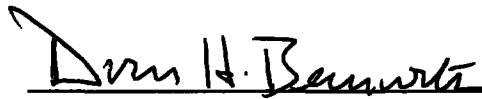
W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
CONKLIN, BURGHART & CROW, L.L.C.  
2101 S.W. 21<sup>st</sup> Street  
Topeka, Kansas 66604  
(785) 232-0753  
Attorney for Michigan Air-Line Railway Co.

## **CERTIFICATE OF PUBLICATION**

### **49 CFR § 1105.12 – Newspaper Notice**

I certify that a "Notice of Intent to Abandon" was published in the form prescribed by the Board for an abandonment petition for exemption. The notice was published on June 14, 2011, in The Oakland Press, a newspaper of general circulation in Oakland County, Michigan, where the Line is located. (See attached proof of publication.)

June 16, 2011

  
\_\_\_\_\_  
Dirk H. Beckwith  
FOSTER, SWIFT, COLLINS & SMITH, P.C.  
Attorney for Michigan Air-Line Railway Co.

County of Oakland } ss.  
STATE OF MICHIGAN,

*Debbie Phillips* being duly sworn,

deposes and says that I am the *Debbie Phillips* of THE OAKLAND PRESS, a newspaper printed and circulated daily in Oakland County, Michigan and that I held such position during the publication of the notice hereto annexed; that a notice of

*Public notice* of which the annexed notice is a true copy, was published in the said THE OAKLAND PRESS.

*one* immediately preceding the 15. of *June* that the annexed printed copy of said notice was taken from the said newspaper. That the dates of

publication of said notice were.

*June 14, 2011*

and further deponent sayeth not  
*Debbie Phillips*

Subscribed and sworn to before me this *14* day of

*June* A.D. 2011

*James Lindgren*  
NOTARY PUBLIC, OAKLAND COUNTY, MICHIGAN

# NOTICE OF INTENT TO ABANDON RAIL LINE

Michigan Air Line Railway Co. hereby gives notice that on or about July 1, 2011, it intends to file with the Surface Transportation Board ("Board"), 395 E. Street, SW, Washington, DC 20423 a Petition for Exemption under 49 CFR 1152 Subject: Exempt Abandonments, permitting the abandonment of approximately 5.45 miles of rail line ("Line") located entirely in the Cities of Wilson and Walpole Lake and Commerce Township, Oakland County, Michigan, which is a rail corridor, generally 50.0 feet in width, the centerline of which intersects the west line of Haggerty Road at Railroad Milepost 45.26 (Engineer's Profile Station 2389+72), Section 25, Town 2 North, Range 8 East of the 6th P.M., and which extends westerly through Sections 25, 26, 35, 34, 33 and 32, Town 2 North, Range 8 East of the 6th P.M., to its intersection with the right-of-way line of CSX Transportation, Inc. in the City of Wilson, Michigan, at Railroad Milepost 50.65 (Engineer's Profile Station 2677+67), Section 31, Town 2 North, Range 8 East of the 6th P.M. The Line traverses through territory included in United States Postal Service ZIP Codes 48390 and 48393 in Oakland County, Michigan. The proceeding will be docketed as No. AB-1033 (Sub-No. 22).

The Board's Office of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 25 days after the filing of the Petition for Exemption. Comments on environmental and energy matters should be filed no later than 15 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to the Office of Environmental Analysis, Surface Transportation Board, 395 E Street S.W., Washington, DC 20423 or by calling that office at (202) 245-0305.

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions or rail banking/trails use also can be filed with the Board. An original and ten copies of any pleading that raises matters other than environmental issues (such as trails use, public use and offers of financial assistance) must be filed directly with the Board's Section of Administration, Office of Proceedings, 395 E Street, SW, Washington, DC 20423-0001 (See 49 CFR § 1104.11(a) and § 1104.3(c)(2)), and one copy must be served on applicant's representative (See 49 CFR § 1104.12(a)). Questions regarding offers of financial assistance, public use or trails use may be directed to the Board's Office of Public Assistance, Governmental Affairs, and Compliance, Section of External Affairs, at (202) 245-0238. Copies of any comments or requests for conditions should be served on either of the applicant's representatives: W. Robert Alderson of the law firm of ALDERSON, ALDERSON, WIELER, CONKLIN, BURGSHART & CROW, L.L.C., 2101 S.W. 21st Street, Topoka, Kansas 66604, by facsimile at (785) 232-1866, by e-mail at bob@aldersonlaw.com, or by telephone at (785) 232-0753; or Dirk H. Beckwith of the law firm of FOSTER, SMITH, COLLINS & SMITH, P.C., 322900 Northwestern Highway, Suite 220, Farmington Hills, Michigan 48334, by facsimile at (248) 538-3618, by e-mail at dbeckwith@fostersmith.com, or by telephone at (248) 539-9918.

Published June 14, 2011

LAURA WILSON  
NOTARY PUBLIC, STATE OF MI  
COUNTY OF OAKLAND  
MY COMMISSION EXPIRES Feb 25, 2017  
ACTING IN COUNTY OF OAKLAND

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

---

**PETITION FOR EXEMPTION**

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**EXHIBIT D**

**VERIFIED STATEMENT OF R. ROBERT BUTLER**

Michigan Air-Line Railway Co.  
Petition For Exemption – In Oakland County, MI.

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VERIFIED STATEMENT OF R. ROBERT BUTLER

My name is R. Robert Butler, President of the Michigan Air-Line Railway Co. (“MAL Railway”). My business address is 7160 South 29<sup>th</sup> Street, Suite 3, Lincoln, Nebraska 68516. Over the last twenty-five years I have been involved in many aspects of railroading, including railcar ownership, track maintenance, construction and consulting. I also am the President and majority shareholder of RKB Holdings, Inc., the owner of MAL Railway and also the owner of Railroads of Hawaii, Inc., d/b/a Lahaina, Kaanapali and Pacific Railroad in Hawaii.

In addition to investments in the railroad sector, I am a private equity investor in oil and gas production and am Chairman and majority owner of Frontier Holdings, LLC, a Nebraska bank holding company.

I am very familiar with the 5.45 miles of railroad line (“Line”) owned by MAL Railway in Oakland County, Michigan, for which an abandonment exemption is sought in this docket. The Line runs between Haggerty Road and the interchange point with CSX Transportation, Inc. in the City of Wixom, Michigan. The Line is part of the rail line that was owned by Coe Rail, Inc., a Michigan corporation which was a duly certificated Class III rail common carrier. Railmark Holdings, Inc. (“Railmark”) acquired all of the capital stock of Coe Rail, Inc. in 2006, and on June 28, 2006, the name of the corporation was changed to Michigan Air-Line Railway Co.

Here, I should note that in connection with MAL Railway's Response to STB's Decision of May 18, 2011, in STB Docket No. AB-1053 (Sub-No. 1X) ("Prior Docket") I prepared a Verified Statement which was attached to the Response as Exhibit A. In that Verified Statement, I provided a somewhat detailed history of the relationship between Railmark and MAL Railway, but in order to avoid unduly burdening my Verified Statement in this docket, I will not repeat that history to any great extent.

But, by way of a brief summary, in the early fall of 2009, I was contacted by one of the owners of Montoff Transportation LLC ("Montoff") about the MAL Railway. My relationship with the principals of Montoff went back many years to their time at the National Rails to Trails Conservancy. During the previous eighteen months, Montoff had endeavored to acquire the railroad from its owner (Railmark) which was in default to its lender, The CIT Group Commercial Services, Inc. ("CIT Group") of New York, New York. When Montoff ceased negotiations to obtain ownership of the railroad, I decided to pursue acquisition of the railroad.

I traveled to Michigan and met with the owners of Railmark and with representatives of governmental entities who were interested in having the Line abandoned, thereby providing them with an opportunity to acquire the abandoned right-of-way for use as recreational trails. I also met with the only shipper on the rail line, American Plastic Toys, Inc. ("APT") in Walled Lake, Michigan. APT is located on the Line just west of Ladd Road which is approximately 2.46 miles east of the interchange with CSX Transportation, Inc. I was candid with APT regarding my intentions of acquiring the railroad, abandoning its rail line in Oakland County and conveying the abandoned right-of-way to local units of government who would develop it into recreational trails.

By November of 2009, I had negotiated a purchase of CIT Group's note and mortgage by Browner Turnout Co., a company owned by my wife, Kim, and me, and reached an agreement to purchase from Railmark all of the equity in MAL Railway (Browner Turnout eventually transferred MAL Railway's stock to RKB Holdings, Inc.). Subsequent to Browner Turnout's purchase of MAL Railway in November of 2009, a Notice of Exemption was filed with the STB for the eastern portion of the rail line in West Bloomfield Township, Oakland County, and in Docket No. AB-1053X (Service Date: August 24, 2010) the STB granted the exemption. Thereafter, the abandoned right-of-way was sold to the West Bloomfield Parks and Recreation Commission for extension of their existing trail system.

The Commerce, Walled Lake and Wixom Trailway Management Council ("Council"), which was formed pursuant to an interlocal agreement among Commerce Township and the cities of Wixom and Walled Lake, has applied for grant monies to acquire the balance of the railroad real estate (5.45 miles) upon its abandonment, thereby completing the "Pontiac Trail System" across the State of Michigan. These grant applications remain pending, and the approval of the grants depends on whether the Line is approved for abandonment.

During 2010, I met with APT on three occasions to discuss the future of MAL Railway, which handles only inbound traffic for APT, consisting of railcars of plastic pellets. All of APT's finished products are shipped by truck, and in 2010 APT built additional storage at its facility for the plastic pellets and secured bids for transporting its inbound traffic (raw materials) by truck. Over the last ten years, several shippers on the Line have stopped shipping by rail, and now only APT remains, with its rail use declining each year. In 2008, there were 67 shipments on the Line, including 57 carloads delivered to APT; in 2009, APT received 52 carloads; in 2010, APT received 52 carloads; and through May 31, 2011, APT has received 11 carloads.

In connection with the acquisition of MAL Railway's capital stock from Railmark, MAL Railway and Railmark agreed that Railmark, through its wholly-owned subsidiary, Rail Freight Solutions, Inc. ("RFS"), would operate the locomotive and other equipment necessary to serve APT as MAL Railway's agent. With that arrangement in place, MAL Railway filed a Petition for Exemption in the Prior Docket. On May 17, 2011, the Board issued its decision in the Prior Docket (Service Date: May 18, 2011) denying the Petition. The Board's decision was premised primarily on its conclusion that MAL Railway had not provided sufficient evidence as to the revenues received and expenses incurred in providing rail freight service to APT. The Board also questioned whether RFS was, in fact, a contract operator in providing service to APT on behalf of MAL Railway. On this point, the Board required a response, which was filed with the STB on June 6, 2011.

I was disappointed by the Board's decision. However, the decision was without prejudice to MAL Railway filing another Petition for Exemption, and the decision provided a blueprint for correcting the deficiencies identified in the Board's decision. In the instant docket, I believe we have addressed these deficiencies. Specifically, subsequent to the Board's decision in the Prior Docket, MAL Railway has done the following:

1. MAL Railway contracted with Bowen's Appraisal Service to update the prior appraisal of the Line. The appraised value of the Line generated by that appraisal is referenced in the Petition, and the use of this amount enables an accurate calculation of the Line's Net Liquidation Value, which is an element required for the calculation of MAL Railway's Opportunity Costs. These calculations are addressed by Martin Ramsey in his Verified Statement which is attached to the Petition as **Exhibit E**.

2. MAL Railway engaged Landreth Engineering, LLC, to perform an FRA quality inspection of the Line, to determine needed maintenance and rehabilitation of the Line. The inspection was performed by Ed Landreth, P.E., the founder of the company. A copy of Mr. Landreth's report is attached as an exhibit to Mr. Ramsey's Verified Statement. Attached to the report is a three-page Qualifications Statement for Mr. Landreth, which discloses that he is extremely well qualified to provide the inspection. Mr. Landreth's estimated costs of accomplishing his recommended maintenance and rehabilitation are discussed by Mr. Ramsey in his Verified Statement (**Exhibit E**).

3. MAL Railway has terminated the use of RFS as its agent to provide rail freight service to APT. Rather, MAL Railway has employed B. Allen Brown, President of RFS, to coordinate the provision of rail service directly to APT by MAL Railway. Regardless of whether the Board determines that RFS was a contract operator for MAL Railway, I believe this change is warranted, as it permits MAL Railway to identify and control, to the greatest extent possible, the expenses incurred in connection with the provision of rail service to APT.

4. MAL Railway has obtained from RFS its books and records reflecting the revenues received and expenses incurred in providing rail service to APT for calendar year 2010 and through May 31, 2011. Mr. Ramsey has thoroughly reviewed these books and records and is confident as to their accuracy. Thus, I am confident that the revenues and expenses derived from Mr. Ramsey's Verified Statement (**Exhibit E**) and reflected in the Petition provide a reasonably accurate financial picture of the net cost of providing rail service to APT.

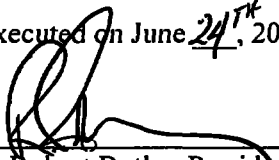
As explained in the Verified Statement of Martin Ramsey (**Exhibit E**), the revenue MAL Railway receives for serving APT does not cover the expenses incurred in providing such service, which means that MAL Railway cannot generate a profit serving APT. It cannot reasonably invest money in maintenance or rehabilitation because the investment cannot be recovered. The value of the real estate and salvageable track materials, estimated rehabilitation costs and annual maintenance-of-way expense have been identified in the Petition, based upon information generated by Mr. Ramsey's Verified Statement (**Exhibit E**).

*[The remainder of this page intentionally left blank.]*

## VERIFICATION

I, R. Robert Butler, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on June 24<sup>th</sup>, 2011



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R. Robert Butler, President  
Michigan Air-Line Railway Co.

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

---

**PETITION FOR EXEMPTION**

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**EXHIBIT E**

**VERIFIED STATEMENT OF MARTIN RAMSEY**

Michigan Air-Line Railway Co.  
Petition For Exemption – In Oakland County, MI.

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VERIFIED STATEMENT OF MARTIN RAMSEY

My name is Martin Ramsey and I am the Chief Financial Officer (“CFO”) and Secretary of the Michigan Air-Line Railway Co. (“MAL Railway”). My business address is 7160 South 29<sup>th</sup> Street, Suite 3, Lincoln, NE 68516. The purpose of this Verified Statement is to provide background regarding my position with the railroad and to describe how I developed the projected revenues to be received and the expenses to be incurred by MAL Railway in satisfying its common carrier obligation over a Forecast Year. These expenses include the operating expenses incurred in providing rail freight service to American Plastic Toys, Inc. (“APT”), the sole shipper on MAL Railway’s rail line (“Line”) in Oakland County, Michigan, for which abandonment authority is being sought.

In November 2009, Browner Turnout Co. purchased all of the issued and outstanding shares of common stock of MAL Railway, at which time I was elected CFO and Secretary. Subsequently, all of said stock was transferred to RKB Holdings, Inc. I continue to serve as the CFO for Browner Turnout Co., a position I have held for five years. My duties with Browner Turnout Co. and MAL Railway involve planning and budgeting, acquisition modeling, revenue collections, expense reconciliation and profitability analysis.

I previously served as Executive Vice President of the First National Bank and Trust of Syracuse, Nebraska, and my duties at the bank involved commercial and agricultural lending, asset and liability analysis, investment portfolio analysis and bank management.

### **Forecast Year Revenues and Expenses**

The following sets forth the methodology which I employed in calculating the revenues and expenses attributable to MAL Railway's operations during a forecast year ("Forecast Year").

1. **Background.** Initially, it is important to note that the entire Line for which abandonment exemption is sought is not required to provide service to APT. The Line being abandoned is 5.45 miles in length, extending from Railroad Milepost 45.26, at the west line of Haggerty Road, to Railroad Milepost 50.65 at the interchange with CSX Transportation, Inc. However, the segment of the Line required to serve APT is 3.65 miles in length. It extends from Railroad Milepost 47.00, which is a short distance from the west line of Decker Road, to Railroad Milepost 50.65 at the CSX interchange. Because of the logistics of picking up the inbound carloads at the CSX interchange and delivering them to APT, the track east of the Walled Lake Depot to nearly Decker Road must be utilized. For ease of reference, I will refer to the segment of the Line needed to serve APT as the "Service Line."

As stated in the Verified Statement of R. Robert Butler, attached hereto as **Exhibit D**, following the decision of the Board in STB Docket No. AB-1053 (Sub-No. 1X) (Service Date: May 18, 2011) ("May 18<sup>th</sup> Decision"), denying MAL Railway's Petition for Exemption, MAL Railway attempted to address the deficiencies in the Petition noted by the Board in its May 18<sup>th</sup> Decision. One of the actions taken was to terminate the arrangement with Rail Freight Solutions, Inc., ("RFS"), a wholly-owned subsidiary of Railmark Holdings, Inc. ("Railmark"). Since the time MAL Railway's stock was acquired from Railmark by Browner Turnout Co., a company owned by Mr. Butler and his wife, Kim, RFS has been MAL Railway's agent in providing rail freight service to APT as a contract operator. On June 10, 2011, that arrangement was

terminated, and thereafter MAL Railway has been serving APT directly. MAL Railway has employed B. Allen Brown ("Mr. Brown") to arrange for MAL Railway's rail freight service to APT.

In the first week of June of 2011, I met with Mr. Brown at his office in Walled Lake, Michigan, to review the financial records of RFS regarding the revenues received and expenses incurred by RFS in serving APT. RFS began serving APT on behalf of MAL Railway in November of 2009, so I focused on the revenues and expenses for calendar year 2010 and from January 1 through May 31 of 2011. Using the records of RFS, I prepared profit and loss statements for these time periods as an expeditious way of relating revenues to expenses. The records I utilized have not been audited, but I believe they provide a reasonably accurate representation of the revenues and expenses over these time periods.

The profit and loss statement I prepared for January 1, 2010 to December 31, 2010, is attached to my Verified Statement as **Exhibit 1**. The profit and loss statement I prepared for January 1, 2011 to May 31, 2011, is attached as **Exhibit 2**. Then, using the historical data derived from these documents, I prepared a profit and loss statement for a Forecast Year beginning June 1, 2011, and ending May 31, 2012. That document is attached as **Exhibit 3**. I will discuss each of these exhibits in more detail subsequently, but I wanted to mention them here as part of the background, to illustrate, to some extent, the approach I have taken in identifying revenues and expenses involved in providing service to APT, as contrasted to the approach taken in the prior docket in which the Board, in its May 18<sup>th</sup> Decision, denied MAL Railway's Petition for Exemption.

Another step taken by MAL Railway to address the deficiencies identified by the Board in its May 18<sup>th</sup> Decision was to engage Landreth Engineering, LLC, to inspect the Line from the perspective of its compliance with the requirements of the Federal Railroad Administration (“FRA”). The inspection was performed by Edward W. Landreth (“Mr. Landreth”), the founder of the company, and a copy of the report containing his findings and recommendations is attached as **Exhibit 4**. That report serves as the basis of my later discussion of maintenance and rehabilitation costs to be incurred in the Forecast Year.

Finally, there was discussion in the Board’s May 18<sup>th</sup> Decision regarding the calculation of the Line’s Net Liquidation Value using an appraised value produced by an appraisal of the Line performed in 2008. To eliminate this concern, MAL Railway engaged Bowen’s Appraisal Service subsequent to the Board’s May 18<sup>th</sup> Decision to update the appraisal of the Line. A CD containing the appraisal report will be filed with the Board and also sent to APT. A copy of the CD will be sent to any interested party, upon request. The appraised value produced by this updated appraisal has been used in calculating the Line’s Net Liquidation Value, which is an element required for the calculation of MAL Railway’s Opportunity Costs. Those calculations are set forth in the Petition for Exemption.

2. **Projected Revenues and Expenses.** **Exhibit 1** to my Verified Statement provides a profit and loss statement for rail operations during calendar year 2010. During this period of time, rail freight service to APT was provided on behalf of MAL Railway by RFS as a contract operator. Thus, the revenues and expenses shown on this exhibit are those generated by the service provided by RFS. As I stated previously, I spent time with Mr. Brown at his office in Walled Lake, Michigan, reviewing the financial records of RFS pertaining to the service it provided to APT. At that time, Mr. Brown provided me electronically with spread sheets

showing monthly carloadings and the revenues and expenses associated with those carloadings. I reviewed these spreadsheets upon returning to my office in Lincoln, Nebraska, and I believe the information supplied me by Mr. Brown provides a reasonably accurate representation of the revenues received and expenses incurred by RFS in providing rail service to APT on behalf of MAL Railway.

**Exhibit 1** shows a net operating income of \$35,441.53. However, the expenses shown on **Exhibit 1** are a bit misleading, since an expense for the locomotive rental has not been booked, because MAL Railway provided RFS with the use of a switch engine ("Switch Engine") at no cost to RFS. At the time Browner Turnout acquired ownership of MAL Railway, Browner Turnout released Railmark and its principals, Mr. Brown and Laurence I. Coe ("Coe") from liability under various debt instruments they had executed in 2006 and having a value at the time of the acquisition in excess of \$5,000,000. Browner Turnout also had reimbursed Railmark for certain other indebtedness, paid other sums to these parties and had transferred to them certain railroad equipment. In consideration of these transactions, Coe and MAL Railway entered into a lease agreement, whereby Coe leased the Switch Engine to MAL Railway at no cost. In turn, MAL Railway allowed RFS to use the Switch Engine at no cost, thereby saving RFS an annual expense of at least \$36,000.00.

Moreover, the expenses shown on **Exhibit 1** do not include management's salaries. Presumably, these salaries were paid out of the net operating income. Nor does **Exhibit 1** include any maintenance of way expense. As somewhat of an aside, when I received Mr. Brown's records regarding the operations of RFS in 2010 and 2011, I also received a financial summary of MAL Railway's operations prior to the railroad's sale to Browner Turnout, and I noted that the expenses for 2008 included maintenance of way costs of \$29,997.00, and such costs for 2009

were \$43,515.00. However, the net operating losses in these years were identified as \$90,256.00 and \$63,827.00, respectively. In both of those years, management salaries were booked at \$25,000.00.

Again, on **Exhibit 2**, the profit and loss statement for RFS does not include any expense for the lease or use of the Switch Engine, and even though I believe it should, I have not inserted a line item for this expense in **Exhibit 2**, because the information was derived from RFS. However, it should be noted that the no-cost lease between Coe and MAL Railway expired by its terms in January of 2011, and Coe then sold the Switch Engine to Mr. Brown pursuant to an installment purchase contract. Under that contract, Mr. Brown made a down payment and is currently making monthly payments to Coe in the amount of \$3,000.00. Technically, RFS is separate and distinct from Mr. Brown, which is a probable explanation why **Exhibit 2** does not identify this as an expense of RFS. Notwithstanding, the use of the Switch Engine in 2011 by RFS had value equal to at least the amount of Mr. Brown's monthly payments under the installment purchase contract for the months of February, March, April and May (\$12,000.00). Thus, in my opinion, the expenses on **Exhibit 2** have been understated to that extent. Also, this exhibit does not include salaries and wages expense. Therefore, even though **Exhibit 2** shows net income from operations in 2011, had these properly imputed expenses been included, there would have been an operating loss for the first five months of 2011.

It should be noted that the rail service MAL Railway will provide to APT subsequent to June 10, 2011, the date when MAL Railway's arrangement with RFS was terminated, will employ the use of the Switch Engine being purchased by Mr. Brown from Coe. Accordingly, MAL Railway will compensate Mr. Brown for use of the Switch Engine in an amount equal to Mr. Brown's monthly payments under the installment sales contract during the Forecast Year.

**Exhibit 3** projects revenues and expenses for the Forecast Year (June 1, 2011 to May 31, 2012). With respect to Forecast Year revenues, a history of the rates charged APT was provided by Mr. Brown in his Affidavit attached as Exhibit A to MAL Railway's Surreply to APT's Reply in STB Docket No. AB-1053 (Sub-No. 1X). In its May 18<sup>th</sup> Decision, the Board admitted the Surreply. In his Affidavit, Mr. Brown explained that it was necessary to establish a monthly rate rather than a per carload rate, because there was not regularly scheduled service for APT. Service was random, on an as needed basis, and there were some months when APT did not request any service at all from RFS. In other months there were only one or two requests for car movement; yet, RFS's fixed costs remained. The establishment of a monthly rate was necessary to cover the fixed costs. In early 2010, the monthly rate was set at \$6,500.00; later that year it was decreased to \$5,000.00; but, in the fall of 2010, it was increased to \$7,250.00. That is the rate RFS has been charging during 2011, and MAL Railway is continuing to charge this rate following the termination of the service arrangement with RFS, because of the necessity of covering its fixed costs. Notice of such rate has been given to APT.

Here, I should mention that, from January 1, 2011, to May 31, 2011, there were only 11 carloadings for APT. Notwithstanding, on the assumption that this was an abnormality, I determined to base the Forecast Year revenues and expenses on 52 carloadings. In both 2009 and 2010, APT received 52 carloads, so I thought it best to use this historical figure, rather than extrapolate an annual carloadings number from the 11 carloadings in the first five months of 2011. The monthly carloadings shown on **Exhibit 3** for each of the 12 months of the Forecast Year also are historical averages.

For the Forecast Year revenues, each month generates the flat rate of \$7,250.00, which I discussed previously, and each carloading generates an additional \$695.00 in revenue, which is derived from the division of revenues paid to MAL Railway by CSX Transportation, Inc. Thus, for example, the projected revenues for August in the Forecast Year are \$12,115.00. This includes the monthly rate of \$7,250.00, plus \$4,170.00 from the division of revenues paid by CSX for each of the six carloadings expected in that month ( $6 \times \$695.00 = \$4,170.00$ ). Based on this approach, the projected revenues for the Forecast Year are \$124,530.00.

With respect to the Forecast Year expenses, Exhibit 3 shows the annual expenses for line items which are substantially the same expense categories used by RFS, with two notable additions. The first of these is the line item for "Salaries and Wages." As I mentioned previously, the arrangement with RFS has been terminated and MAL Railway is now employing Mr. Brown to arrange for the rail freight service to APT. Thus, this line item reflects the gross wages (including the various withholdings) paid to or on behalf of Mr. Brown.

I also mentioned that, at the beginning of 2011, Mr. Brown purchased the Switch Engine from Coe pursuant to an installment purchase contract. Mr. Brown is allowing MAL Railway to use the Switch Engine to provide service to APT, and MAL Railway is compensating Mr. Brown for such usage in the amount of the monthly payment required of Mr. Brown under the installment purchase contract. That amount is reflected in the "Locomotive Usage" line item. Based on our research, this amount is commercially reasonable.

For the Forecast Year, the average expense per railcar is shown for each of the line item expenses which fluctuate based on the number of carloadings. Thus, for each month of the Forecast Year the expenses for each of these categories are calculated based on the estimated

number of carloadings for that month. There also are expense items which are fixed, annual costs, and for each month of the Forecast Year, the monthly portion of these fixed costs is shown.

A review of **Exhibit 3** discloses that, in the Forecast Year, there are projected revenues of \$124,530.00 and expected expenses of \$137,240.00, producing an operating loss of \$12,890.00. The revenues are based on an estimated 52 carloadings during that period of time. If there are fewer carloadings, the projected revenues will be less; yet, there will be little or no change in many of the fixed expenses, such as communications and telephone, utilities, insurance, locomotive usage and salaries and wages. As the operations continue through the Forecast Year, if the net operating loss continues as forecast in **Exhibit 3**, MAL Railway may need to consider increasing the monthly rate to APT to cover the operating loss.

#### **Maintenance and Rehabilitation Costs**

Earlier, I stated that one of the steps taken by MAL Railway to address issues raised by the Board in its May 18<sup>th</sup> Decision was to engage Landreth Engineering, LLC, to perform a FRA quality inspection of the Line. The inspection was performed by Mr. Landreth. Also, as indicated above, a copy of Mr. Landreth's report, dated June 13, 2011, is attached to my Verified Statement as **Exhibit 4**. Attached to his report is a 3-page Qualifications Statement for Mr. Landreth. Without intending to unduly burden this Verified Statement, it should be noted from the Qualifications Statement that Mr. Landreth worked for more than 25 years as a Registered Professional Engineer for The Atchison, Topeka and Santa Fe Railway Company ("Santa Fe"), taking early retirement in 1994 just prior to Santa Fe's merger with the Burlington Northern Railroad. At that time, Mr. Landreth was Director Asset Management and served as head of Santa Fe's Real Estate Contracts Department, with responsibility for the management of Santa Fe's real estate, property sales, leases and contracts.

While working for Santa Fe, Mr. Landreth provided expert witness affidavits in numerous proceedings before the ICC and STB, and he has continued to provide expert witness affidavits and testimony as a railroad consultant under the auspices of the company he founded, Landreth Engineering, LLC.

Mr. Landreth was engaged by MAL Railway to determine the extent to which the Line satisfies FRA's maintenance standards. The FRA's Track Safety Standards are set forth in 49 C.F.R. Part 213. The classes of track, showing operating speed limits, are set forth at 49 C.F.R. § 213.9. Mr. Landreth indicates that the Line is in the Class 1 category, which imposes a maximum operating speed of 10 mph. Thus, Mr. Landreth conducted his inspection pursuant to Class 1 Maintenance Standards.

Mr. Landreth considered the Line's compliance in nine different categories, as set forth in his report. Attached to the report as Exhibit A are Mr. Landreth's recommendations as to actions needed for the rehabilitation of the Line to FRA Class 1 Maintenance Standards. Included in Exhibit A are Mr. Landreth's estimated costs to achieve his recommendations. The total cost for rehabilitation of the Line is estimated by Mr. Landreth to be \$4,050,902.28.

As a follow-up to Mr. Landreth's report and recommendations, I inquired of him as to which of the rehabilitation items identified in his report should be classified as short-term maintenance and which should be considered long-term rehabilitation. In response, Mr. Landreth divided the items set forth in Exhibit A to his report into two, separate lists, both of which are dated June 21, 2011. From these lists, it is apparent that Mr. Landreth is proposing that his recommended rehabilitation be accomplished over a period of five years. One list contains

maintenance items which he has categorized as “2011 Maintenance Plan (Year 1)” and the other list he describes as “Estimate for Maintenance Plan for Years 2 through 5.” These lists are attached to my Verified Statement as **Exhibits 5** and **6**, respectively.

The total cost for achieving the 2011 Maintenance Plan, as shown in **Exhibit 5** is \$635,566.42. I will refer to these costs as Maintenance of Way/Rehabilitation Costs. The balance of the rehabilitation costs identified in Exhibit A to Mr. Landreth’s report and set forth on **Exhibit 6** will be referred to as “Long-Term Rehabilitation Costs.”

In relating the Maintenance of Way/Rehabilitation Costs to the Forecast Year revenues and expenses, which show a net operating loss of \$12,890.00, it is stating the obvious to observe that the Forecast Year revenues cannot support any of the Maintenance of Way/Rehabilitation Costs. Nor can it reasonably be expected that the revenues generated by APT’s traffic will ever be able to support the Long-Term Rehabilitation Costs. Nonetheless, there are costs to be incurred by MAL Railway, if it is going to achieve compliance with FRA’s Class 1 Maintenance Standards. MAL Railway recognizes that failure to comply with these standards may subject it to a variety of penalties. However, if the Board authorizes abandonment of the Line, the Maintenance of Way/Rehabilitation Costs and the Long-Term Rehabilitation Costs become avoidable costs (“Avoidable Costs”), since abandonment will obviate such expenditures.

Note also should be made that the revenues derived from the rail freight service provided to APT by MAL Railway (including service provided by RFS on its behalf) historically have not been sufficient to support maintenance expense of anywhere near the magnitude identified by Mr. Landreth. As stated earlier, the revenues in 2008 and 2009 reported to me by Mr. Brown could not support even the modest amount of maintenance of way expenses recorded in those years,

where there were sizable operating losses in those years. And if all the expenses properly imputed to the operations in 2010 (**Exhibit 1**) had been included, there would have been an operating loss, even without expenditures for maintenance of way. The same observation can be made with respect to the first five months of operations in 2011 (see **Exhibit 2**).

Finally, I want to mention that MAL Railway has not ignored maintenance of way needs. MAL Railway has been in continuing dialogue with Michigan Department of Transportation (MDOT) officials regarding needed grade crossing maintenance and grade crossing warning device repair. To date, in anticipation that the Board may authorize the abandonment of the Line, thereby eliminating the need for grade crossing repair, MDOT has not required that these repairs be made at this time.

Similarly, two grade crossing warning devices have been made inoperable. One of them is out of service because all of the internal copper wiring was stolen by vandals, and the other is out of service because the control box was badly damaged by a vehicle collision with the warning device. MDOT, recognizing the possibility of the Line's abandonment in a few months, has not required the repair of the warning devices, but has allowed MAL Railway to employ a flagman at the crossings when necessary to control traffic. Considering that there have only been 11 carloadings for APT in 2011, flagging these crossings has not presented a problem, and it has deferred (hopefully eliminated, if the Line can be abandoned) expenditure of significant sums of money. In Exhibit A to Mr. Landreth's report, he identified the cost of rehabilitating an active grade crossing warning device at \$185,000.00. In Mr. Landreth's report under the heading "Street Crossings," he notes that these warning devices will need to be upgraded, "as they are probably in excess of 30 to 40 years old" with respect to current Michigan standards for traffic control devices.

### **Summary**

In summary, I believe it is clear that the revenues generated in the Forecast Year from MAL Railway providing service to APT are inadequate to cover the Forecast Year expenses. These revenues are derived from the same rates that have been charged to APT since the fourth quarter of 2010. If actual revenues and expenses generated from serving APT on and after July 1, 2011, are consistent with the forecasted revenues and expenses, MAL Railway will have to consider increasing the monthly rate charged to APT, in order to at least cover the operating expenses.

Even so, it is not reasonable to assume that any increase in the rate charged to APT will enable payment of the Maintenance of Way/Rehabilitation Costs estimated by Mr. Landreth as being necessary to accomplish his recommended maintenance/rehabilitation actions. If it becomes necessary to increase the monthly rate to APT, it is my hope that the rate increase will be sufficient to cover the operating expenses pending the Line's abandonment. If abandonment authority, which would avoid Maintenance of Way/Rehabilitation Costs, is not granted by the Board, thereby avoiding Maintenance of Way/Rehabilitation Costs, MAL Railway will face a very serious dilemma.

*(The remainder of this page intentionally left blank.)*

### VERIFICATION

I, Martin Ramsey, verify under penalty of perjury under the laws of the United States that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this Verified Statement.

Executed on June 24, 2011

A handwritten signature in cursive script, appearing to read "Martin Ramsey", is written over a horizontal line.

Martin Ramsey, CFO  
Michigan Air-Line Railway Company

# Rail Freight Solutions Inc. Profit & Loss January - December 2010

	Total	January	February	March	April	May	June	July	August	September	October
Income											
4050 Rail Logistics Services	113,053.00	3,885.00	12,060.00	9,680.00	9,988.00	9,170.00	7,780.00	11,225.00	11,420.00	12,115.00	9,335.00
Total Income	\$ 113,053.00	\$ 3,885.00	\$ 12,060.00	\$ 9,680.00	\$ 9,988.00	\$ 9,170.00	\$ 7,780.00	\$ 11,225.00	\$ 11,420.00	\$ 12,115.00	\$ 9,335.00
Gross Profit											
Expenses	\$ 113,053.00	\$ 3,885.00	\$ 12,060.00	\$ 9,680.00	\$ 9,988.00	\$ 9,170.00	\$ 7,780.00	\$ 11,225.00	\$ 11,420.00	\$ 12,115.00	\$ 9,335.00
6005 Communications & Telephone	6,256.70	0.00	452.00	0.00	109.21	227.57	0.00	865.52	671.28	562.45	280.00
6010 Contract Driver Costs	24,716.72	356.90	970.00	906.50	294.88	180.20	2,173.88	2,292.88	1,196.13	6,615.52	1,971.00
6040 Fuel Expense	7,318.47	0.00	1,593.22	81.15	43.05	41.50	39.00	302.45	336.39	1,043.87	1,819.00
6050 Office Supplies - Expense	5,089.86	121.35	108.62	317.56	44.71	151.14	198.85	621.22	275.02	853.90	653.00
6055 Railcar Repair Expenses (locomotive)	10,637.08	0.00	0.00	0.00	0.00	0.00	0.00	72.00	0.00	0.00	5,387.00
6070 Rentals & Leases	898.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	614.00
6072 Repair & Maintenance	5,390.58	1,680.00	275.38	7.92	0.00	1,293.86	110.22	82.72	100.62	1,230.88	541.00
6073 Transload & Delivery	75.00	0.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	0.00	0.00
6077 Supplies & Materials	938.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34.19	0.00
6080 Insurance Expense	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00	0.00	1,500.00	0.00
**6085 Utilities	13,848.48	0.00	7,515.24	0.00	968.39	0.00	363.53	442.47	125.38	2,025.23	56.00
6425 Banking Fees	441.00	10.00	0.00	48.00	46.00	151.00	49.00	39.00	26.00	2.00	0.00
Total Expenses	\$ 77,611.47	\$ 2,168.25	\$ 10,914.46	\$ 1,361.13	\$ 1,506.24	\$ 2,045.27	\$ 3,009.48	\$ 5,218.26	\$ 2,730.82	\$ 13,868.04	\$ 11,325.00
Net Operating Income	\$ 35,441.53	\$ 1,716.75	\$ 1,145.54	\$ 8,318.87	\$ 8,481.76	\$ 7,124.73	\$ 4,770.52	\$ 6,006.74	\$ 8,689.18	\$ 1,753.04	\$ 1,990.00
Wednesday, Jun 01, 2011 05:48:07 AM PDT GMT -7 - Accrual Basis											

\* Service provided to American Plastic Toys, Inc. by Rail Freight Solutions acting as the agent for the Michigan Air-Line Railway Co. This compilation is limited to presenting in the form of a profit and loss statement information that is the representation of the company whose statement is presented. We have not audited the accompanying information and accordingly, do not express an opinion or any other form of assurance on it. The income and expenses have been provided by B. Allen Brown of Rail Freight Solutions and are assumed to be accurate.

\*\* The utilities expense for February 2010 was a negotiated amount that included expenses incurred in 2009. The amount listed in the expense information was the actual amount paid however it should be noted that the normal amount of service is better represented to be an average of approximately \$875/month.

# Rail Freight Solutions Inc. 2011 Profit & Loss Report for APT Services

January 1 - June 1, 2011

	Total	January	February	March	April	May
<b>Income</b>						
4050 Rail Logistics Services	43,895.00	8,640.00	7,945.00	8,640.00	7,945.00	10,725.00
<b>Total Income</b>	<b>\$ 43,895.00</b>	<b>\$ 8,640.00</b>	<b>\$ 7,945.00</b>	<b>\$ 8,640.00</b>	<b>\$ 7,945.00</b>	<b>\$ 10,725.00</b>
<b>Gross Profit</b>	<b>\$ 43,895.00</b>	<b>\$ 8,640.00</b>	<b>\$ 7,945.00</b>	<b>\$ 8,640.00</b>	<b>\$ 7,945.00</b>	<b>\$ 10,725.00</b>
<b>Expenses</b>						
6000 Advertising Expense	196.20	59.75	59.75	0.00	71.70	5.00
6005 Communications & Telephone	2,077.64	198.03	441.05	193.23	538.68	706.65
6010 Contract Driver Costs	10,443.63	2,619.00	2,255.00	2,939.00	1,755.63	875.00
6025 License & Tax Expense	714.60	112.00	566.60	0.00	0.00	36.00
6040 Fuel Expense	8,735.27	2,433.21	3,192.15	1,989.51	361.84	758.56
6050 Office Supplies - Expense	1,785.44	344.75	301.54	592.75	15.00	531.40
6070 Rentals & Leases	430.00	90.00	85.00	85.00	85.00	85.00
6072 Repair & Maintenance	2,175.43	314.92	1,064.69	67.95	36.01	691.86
6077 Supplies & Materials	740.89	246.99	120.00	104.43	139.28	130.19
6080 Insurance Expense	2,348.66	1,316.50	0.00	516.08	0.00	516.08
6085 Utilities	3,167.25	754.51	334.50	652.42	377.96	1,047.86
<b>Total Expenses</b>	<b>\$ 32,815.01</b>	<b>\$ 8,489.66</b>	<b>\$ 8,420.28</b>	<b>\$ 7,140.37</b>	<b>\$ 3,381.10</b>	<b>\$ 5,383.60</b>
<b>Net Operating Income</b>	<b>\$ 11,079.99</b>	<b>\$ 150.34</b>	<b>\$ 475.28</b>	<b>\$ 1,499.63</b>	<b>\$ 4,563.90</b>	<b>\$ 5,341.40</b>

Wednesday, Jun 01, 2011 06:50:26 AM PDT GMT-7 - Accrual Basis

\* Service provided to American Plastic Toys, Inc. by Rail Freight Solutions acting as the agent for the Michigan Air-Line Railway Co. This compilation is limited to presenting in the form of a profit and loss statement information that is the representation of the company whose statement is presented. We have not audited the accompanying information and accordingly, do not express an opinion or any other form of assurance on it. The income and expenses have been provided by B. Allen Brown of Rail Freight Solutions and are assumed to be accurate.

Locomotive Usage **\$3000.00/mo** **\$3,000.00** **\$3,000.00** **\$3,000.00** **\$3,000.00** **\$3,000.00**

\*\* MAL Railway's locomotive lease agreement with Larry Coe terminated in January 2011. On February 14, 2011 Larry Coe entered into an Equipment Sales Agreement with B. Allen Brown (personally and not as RFS) to purchase the locomotive. The terms of the agreement provided a monthly \$3,000 payment with the first payment due on February 15, 2011. This monthly payment is not included in the accounting of RFS because it is paid by B. Allen Brown personally but should be noted as an additional expense against revenue.

# Michigan Air-Line Railway Co.

## Profit & Loss

Forecast Year June 1-May 31

	Total	Historical Average (09' & 10')	June	July	August	September	October	November
Income								
Rail Logistics Services	124,530.00	52 cars	10,030.00	10,725.00	12,115.00	12,810.00	11,420.00	10,030
Monthly Historic Average # of Carloads			4.00	5.00	6.00	7.00	6.00	4
Total Income	\$ 124,530.00		\$ 10,030.00	\$ 10,725.00	\$ 12,115.00	\$ 12,810.00	\$ 11,420.00	\$ 10,030
Gross Profit	\$ 124,530.00		\$ 10,030.00	\$ 10,725.00	\$ 12,115.00	\$ 12,810.00	\$ 11,420.00	\$ 10,030
Expenses		Average expense per railcar or per month						
Contract Engineer Costs	24,700.00	475.00	1,900.00	2,375.00	2,850.00	3,325.00	2,850.00	1,900
Fuel Expense (Lube, Oil, Propane & Gas)	10,400.00	200.00	800.00	1,000.00	1,200.00	1,400.00	1,200.00	800
Locomotive Repair Expenses	10,400.00	200.00	800.00	1,000.00	1,200.00	1,400.00	1,200.00	800
Emergency Track Repairs	6,240.00	120.00	480.00	600.00	720.00	840.00	720.00	480
Shop Supplies & Materials	520.00	10.00	40.00	50.00	60.00	70.00	60.00	40
Office Supplies	5,160.00	430.00/mo	430.00	430.00	430.00	430.00	430.00	430
Communications & Telephone	6,480.00	540.00/mo	540.00	540.00	540.00	540.00	540.00	540
Utilities	10,500.00	875.00/mo	650.00	1,000.00	1,100.00	850.00	700.00	800
Rentals & Leases	1,020.00	85.00/mo	85.00	85.00	85.00	85.00	85.00	85
Insurance Expense	2,000.00	166.67/mo	166.67	166.67	166.67	166.67	166.67	166
Locomotive Usage	36,000.00	3000.00/mo	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000
Salaries and Wages	24,000.00	2000.00/mo	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000
Total Expenses	\$ 137,420.00		10,891.67	12,246.67	13,351.67	14,106.67	12,951.67	11,041
Net Operating Income (Loss)	(\$12,890.00)		(\$861.67)	(\$1,521.67)	(\$1,236.67)	(\$1,296.67)	(\$1,531.67)	(\$1,011.

\* Service provided by Michigan Air-Line Railway Co. to American Plastic Toys, Inc. (APT) over the forecast year. This compilation is an estimate of the income and expenses associated with providing service to APT. The income uses the 2009 & 2010 historical average of 52 carloadings over a 12 month period. It should be noted however that over the first 5 months of 2011 there were only 11 incoming carloads. The expense estimate is derived from an analysis of the actual expenses in 2010 and YTD 2011. An average expense per railcar or per month is used to corroborate an estimate of the the usage of the line to an expense to operate. This compilation is limited to presenting in the form of a profit and loss statement showing average income and expense information that is from the representation of Rail Freight Solutions, Inc.

	January	February	March	April	May
	9,335.00	9,335.00	9,335.00	10,030.00	10,030.00
	3.00	3.00	3.00	4.00	4.00
\$	9,335.00	\$ 9,335.00	\$ 9,335.00	\$ 10,030.00	\$ 10,030.00
\$	9,335.00	\$ 9,335.00	\$ 9,335.00	\$ 10,030.00	\$ 10,030.00

1,425.00	1,425.00	1,425.00	1,900.00	1,900.00
600.00	600.00	600.00	800.00	800.00
600.00	600.00	600.00	800.00	800.00
360.00	360.00	360.00	480.00	480.00
30.00	30.00	30.00	40.00	40.00
430.00	430.00	430.00	430.00	430.00
540.00	540.00	540.00	540.00	540.00
1,100.00	1,000.00	900.00	750.00	650.00
85.00	85.00	85.00	85.00	85.00
166.67	166.67	166.67	166.67	166.67
3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
10,336.67	10,236.67	10,136.67	10,991.67	10,891.67
(\$1,001.67)	(\$901.67)	(\$801.67)	(\$961.67)	(\$861.67)



**Landreth Engineering, LLC**

12231 Academy Rd. NE #301-284

Albuquerque, New Mexico 87111

Office: 505 - 239 - 9915 --- Email: EWLandreth@aol.com

June 13, 2011

Mr. Marty Ramsey  
Michigan Air-Line Railway Co.  
7160 S. 29<sup>th</sup> Street – Suite 3  
Lincoln, NE 68516

Re: Michigan Air-Line Railway Co.

Dear Mr. Ramsey,

At your request, I inspected the Michigan Air-Line Railway Company rail line at Walled Lake, MI on May 31, and June 1, 2011. The following is the results of my inspections and observations:

Safety & Orientation Meeting was presented by Allen Brown, President of Railmark Holdings Inc. the contract operator for the Michigan Air-Line Railway Co prior to my inspection of the rail line.

Michigan Air-Line Railway ("MILR") interchanges with CSX railroad at Wixom, MI and extends northeasterly 5.39 miles from the north right of way line of the CSX railroad (MILR-MP 50.65) to the west right of way line of Haggerty Road (MILR-MP 45.26) all within Oakland County, MI.

Michigan Air-Line Railway is currently operating 3.69 miles between the CSX interchange and the west right of way line of Decker Road (MILR-MP 46.96). The easterly 1.7 miles between Decker Road and Haggerty Road has not been operated since January 2, 2010 in accordance with Michigan Air-Line Railway Special Bulletin issued January 2, 2010 (Attachment 1). The rail line is currently operated at 10 MPH and inspected in accordance with FRA Class 1 Maintenance Standard's.

**Roadbed**

The 5.39 miles traverse (minimum cut and fill sections) through typical Michigan flat to rolling land and crosses small wetlands. The rail line predominately follows a drainage divide between major wetlands. The native sandy loam in the roadbed fill sections has eroded and migrated from original construction leaving minimal crown for the fill subgrade or provision for a foundation for the ballast section. Continued operation of the rail line will require restoration of the roadbed embankment to support the track structure though the areas of lost subgrade crown section. There are no span type bridges on the line segment. Small culverts (which were not located or inspected) serve as equalizer bridges for the small wetlands crossed by the rail line and the conveyance of localized runoff under the rail line.

**Vegetation**

The rail corridor is predominately overgrown with scrub trees and vegetation with a 12' to 20' wide passage for the track structure through the vegetation between the CSX interchange and the Walled

Lake Depot and between the Walled Lake Depot and the end of track. Grass and weeds are currently growing to top of rail within the track structure in these areas and apparently no weed control has yet to be applied for this year's operation. It appears that in past years approximately a 15' wide spray pattern was utilized for weed control. It was observed that the contractor operator was engaged in removing overhanging tree branches from vegetation within the railroad side clearance envelope.

At a minimum herbicide for weeds and grass should be applied to the track section. Overhanging vegetation should be removed within 9' of the track and the vegetation within the right of way adjacent to road crossings mowed and/or removed for a distance of 450 feet either side of the 9 grade crossings.

### Track Geometry

The MILR track schematic (Attachment 2) shows the grade of the track ranges from 0.13% from the CSX interchange to the small curve west of Beck Road; a grade of 0.05% between Maple Road and Becker Street; and a longer curve west of Welch Road with a grade of 0.02% to the end of track. Except for a few locations (ie: defective ties, grade crossings) the gage, track alignment, and track surface is within or exceeds FRA maintenance class 1 standards. Minimal spot surfacing of the track would satisfy the FRA maintenance class 1 standards.

### Ballast

The ballast for the line ranges from predominately native soils with a surface topping of native small rounded aggregate to crushed limestone aggregate being used in later years at intermittent spot locations. To provide a standard ballast section and to retain the existing rail profile, the track for restoration to current standards would need to be undercut. The native sandy loam is adequate to support the existing track but in those locations where the subgrade crown (shoulder) has eroded the shoulder needs to be restored to support the native sandy loam being utilized as ballast.

### Ties

The main line cross ties have a failure count of 15 to 18 failed ties per 24 ties supporting a 39' standard joint of rail. The rail line has an adequate serviceable tie count (9 to 6) per rail which would meet the FRA Class 1 maintenance standard except the distribution of the ties providing support to the rail is a marginal FRA Class 1 maintenance standard. Spot inspections indicated a serviceable tie at each rail joint in accordance with FRA Class 1 maintenance standards.

To provide a uniform distribution of ties to comply with FRA Class 1 maintenance standards, I would recommend a tie program of 406 ties per mile to provide and insure a uniform distribution of every 5<sup>th</sup> cross tie being serviceable per each 39' joint of rail. The existing serviceable ties in the main line will be valued as landscape or scrap as they will not qualify as relay ties.

### Rail

The main line rail is 100# rail (Branded 100-20 OH Inland 1944) with 4-hole joint bars with the rail seated in 4-hole tie plates (7 1/2" x 10 7/8"). The rail has minimal rail head wear and would be graded as relay rail.

2

The Walled Lake Siding has been severed with the original west main line switch now serving the Walled Lake Storage Track and the original east main line switch servicing a short stub track east of the engine house as a portion of the siding east of the cross over switches and west of the east siding switch has been taken out of service. The main line cross over switch to the siding is utilized to access the former siding on the east side of the engine house.

The Walled Lake Siding is 80# rail jointed with 4-hole joint bars with the rail resting on the ties. The 80# rail has minimal rail head wear and would be graded as relay rail but due to the limited market for 80# rail the 80# rail will probably be valued as scrap rail.

The Walled Lake House Track was 100# rail with 4-hole joint bars with the rail seated on tie plates.

The Walled Lake Storage Track was 100# rail with 4-hole joint bars with the rail seated on tie plates.

#### Other Track Material

The 6 main line turnouts were No. 10 – 100 # with 16'-6" switch points and high star stands. The main line turnouts were in good condition but will require new switch tie sets.

The main line track has 0 to 6 rail anchors per rail and should have been originally constructed with 8 rail anchors per rail. Restoration of the line should include the installation of 8 rail anchors per rail to properly anchor the rail to the ties.

The main line 100# joint bars are 4 hole 24" short toe bars. Spot inspection of the joint bars didn't reveal any cracked joint bars or missing bolts.

The siding 80# joint bars are 4 hole 24" long toe bars.

#### Railroad Way Side Signs

Railroad Mile Post Signs, Whistle Posts, Advance Station Signs, Close Clearance Signs, Derail Signs and No Trespassing Signs were not observed along the rail line and need to be replaced for continued rail operations.

#### Street Crossings

Presently 7 of the 9 public grade crossings surfaces are asphalt and need to be rehabilitated with a full depth crossing surface material. Traffic control warning devices at the public grade crossings consist of 3 cantilevered flashing light installations, 5 mast mounted flashing light installations, and 1 location with cross bucks (Ladd Road). Two of the mast mounted flashing light installations (Bernstein Road & Welch Road) are currently out of service due to vehicle traffic at the crossings.

All 5 of the mast mounted flashing light installations need to be upgraded as they are probably in excess of 30 to 40 years old to current MI standards for traffic control warning devices at the public grade crossings as well as the 1 location (Ladd Road) with cross bucks as this may serve as part of the traffic access to the junior high school.

Recommendations

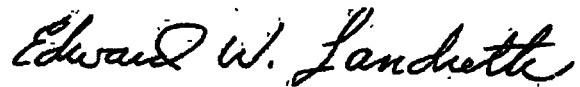
Attached as Exhibit "A" is estimated cost for the rehabilitation of the rail line to FRA maintenance class 1 standards in accordance with the above observations.

Information obtained from the Michigan Air-Line Railway is enclosed as Attachments 1 & 2

My background and qualification's statement is enclosed as Attachment 3

If I can provide any additional information or clarification to the above or the attached rehabilitation estimate please contact me.

Sincerely,

A handwritten signature in black ink that reads "Edward W. Landreth". The signature is written in a cursive style with a large, stylized 'E' and 'L'.

Ed Landreth, PE



## Landreth Engineering, LLC

12231 Academy Rd. NE #301-284  
Albuquerque, New Mexico 87111  
Office: 505 – 239 – 9915 --- Email: EWLandreth@aol.com

June 12, 2011

Rehabilitation Estimate  
Michigan Air-Line Railway (Former Segment of Grand Truck Western)  
MP 50.65 Wixom, MI to MP 45.26  
FRA Maintenance Standard Class 1 (263K)

Description	Quantities	Units	\$/Unit	Extended Cost	
Clearing & Grubbing Including Chipping & Mulching	5.00	Miles	\$12,280	\$61,400.00	
Vegetation Control (Spray Roadway)	5.39	Miles	\$800	\$4,312.00	
Vegetation Control (Mow at Grade Crossings)	9.00	EA	\$800	\$7,200.00	
Vegetation Control (Spray Right of Way)	5.39	Miles	\$1,400	\$7,546.00	
Select Fill Material (Build Up Shoulders)	9500.00	CY	\$65.00	\$617,500.00	
Erosion Control (Silt Fence)	25000.00	LF	\$4.00	\$100,000.00	
Clean & Restore Drainage Adjacent to Track	10.00	Locations	\$6,000	\$60,000.00	
Remove Grade Crossing Surfaces	312.00	LF	\$60	\$18,720.00	Note 1
Renew Cross Ties in Grade Crossings	504.00	EA	\$100	\$50,400.00	Note 1
Replace Rail Through Grade Crossings	819.00	TF	\$105	\$85,995.00	Note 1
Upgrade Asphalt Grade Crossing Surfaces w/ Concrete	312.00	LF	\$915	\$285,480.00	Note 1
Rehabilitate Active Grade Crossing Warning Devices	5.00	Locations	\$185,000	\$925,000.00	Note 1
Install Active Grade Crossing Warning Devices (Ladd Rd)	1.00	Locations	\$185,000	\$185,000.00	Note 1
Replace Main Line Switch Ties	6.00	Set	\$48,000	\$288,000.00	
Renew Cross Ties (FRA Class 1 Maintenance St'd)	2188.00	EA	\$75	\$164,100.00	
Replace Miscellaneous Track Signs	46.00	EA	\$1,200	\$55,200.00	
Miscellaneous Track Repairs	5.39	Miles	\$5,315	\$28,647.85	
Track Ballast	18.00	Railcars	\$2,500	\$45,000.00	
Distribute Ballast 3 Railcars / mile	18.00	Railcars	\$1,000	\$18,000.00	
Surface Track	5.39	Miles	\$11,880	\$64,033.20	
Work Train	5.00	Days	\$1,800.00	\$9,000.00	
Subtotal				\$3,080,534.05	
Environmental			\$154,027	\$154,026.70	
Engineering, Supervision & Management (10%)			\$308,053	\$308,053.41	
Contingency (15%)			\$508,288	\$508,288.12	
Total				\$4,050,902.28	

Note 1: Some Locations may qualify for FHWA - MIDOT Grade Crossing Safety Programs



## **SPECIAL BULLETIN**

**ISSUE DATE: January 2, 2010**

**CLOSING DATE: Still In Effect**

**Effective IMMEDIATELY, January 2, 2010 and until cancelled in writing, the Michigan Air-Line Railway Co. (MAL) has suspended operations on its track beginning at the point west of Decker Road (Mile Post 46.96) continuing east to a point just west of Arrowhead Road/End of Line (Mile Post 42.63). This is due to no freight customer and no scheduled or anticipated dinner trains on this portion of MAL's track. This action does not affect shop movements, service to American Plastic Toys Inc. and service to the CSX Interchange point in Wixom Michigan.**

A handwritten signature in black ink, appearing to read "B. Allen Brown". The signature is stylized with a large "B" and a long, sweeping underline.

**ISSUED BY: B. Allen Brown, MAL General Manger**

5X INTERCHANGE

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AGENCY

TRAH. 700.

EXHIBIT 4  
PAGE 7 OF 10

ml



**Landreth Engineering, LLC**

12231 Academy Rd. NE #301-284  
Albuquerque, New Mexico 87111

Office: 505 – 239 – 9915 — Email: EWLandreth @ aol.com

Ed Landreth founded Landreth Engineering, LLC upon taking early retirement from The Atchison, Topeka and Santa Fe Railroad (Santa Fe) in 1994 prior to the Santa Fe merger with the Burlington Northern Railroad.

Ed Landreth is a Registered Professional Engineer with more than forty years' hands-on experience, designing and managing major civil engineering projects.

Landreth Engineering, LLC provides railroad engineering and administrative services to the short line industry and corporate clients. These services include railroad real estate valuations, railroad acquisition valuations, railroad operations, track and bridge inspections, track and bridge maintenance plans as well as railroad startup assistance.

Landreth Engineering, LLC also provides private individuals and corporate clients engineering plans, specifications, bid documents, and engineering management for the construction of private rail lines and industry tracks.

Ed Landreth provided expert witness affidavits in numerous proceedings before the STB and predecessor agencies during his career with the Santa Fe Railroad and has continued to provide expert witness affidavits and testimony as a railroad consultant. As a railroad consultant he provides engineering consulting services to Class 1 railroads, the short line railroad industry and for private sector rail related projects.

Ed had in excess of 25 years progressive experience with The Atchison, Topeka & Santa Fe Railway Company.

In his last position, as Director Asset Management he was the department head for the Santa Fe Real Estate and Contracts Department. In this position, he was responsible for the management of the railroad's real estate, property sales, leases and contracts. In that role, he was one of the four key members of the Santa Fe team that negotiated the sale of approximately 380 miles of rail corridor and passenger commuter rights to municipalities and counties in Southern California, and the sale of approximately 4,000 miles of branch lines to short line railroads.

Ed progressed through the ranks in Santa Fe's Engineering Department. His last position in the Engineering Department was department head for System Construction. During his tenure as Manager System Construction, he directed the projects for expansion of the Denver Auto Facility and the Houston TOFC Facility. This involved preparation of design plans, engineering cost estimates, contract plans and specifications, solicitation of proposals, awarding bids, and providing owner inspection, payment and confirmation of completed projects. He also managed the design and expansion of the Chicago TOFC facility and provided design and estimates for the rehabilitation and expansion of TOFC and auto facilities across the system.

As Manager of System Construction he also represented the Engineering and Maintenance Department in Santa Fe's line rationalization program, providing estimates of net line liquidation value and branch line rehabilitation expenses for approximately 6,000 miles of railroad corridor.

Ed Landreth has a long list of accomplishments. Some representative examples of his project work include:

- As head of the Western Regional Construction Office, he prepared plans, specifications, bid proposal, solicitation of proposals, and award of project, field engineering, and project management for the relocation of six miles of railroad main line due to the Bureau of Reclamation project for the construction of Brantley Dam, north of Carlsbad, NM. The project included approximately 1 million cubic yards of embankment; 200,000 cubic yards of cut; 2,000 linear feet of concrete bridge construction involving the driving of two miles of H-section piling to support concrete footings. The project was completed two months ahead of schedule and under budget.
- As Public Projects Engineer – Western Lines, he represented Santa Fe in highway grade crossings, grade separations, public projects and negotiations with federal, state and local representatives. He also served as an expert witness in numerous grade crossing litigation and drainage lawsuits. He provided railway company review and approval of engineering plans prepared by state and local agencies, and he prepared and furnished railway company estimates and negotiated contracts for work required to accommodate public projects.
- As Construction Engineer, he provided the final location and design of 40 miles of new line construction for the Star Lake Railroad between Grants and South Hospah, NM, and preliminary location and design of 70 additional miles between South Hospah and Star Lake and to the Navajo Reservation in northwest New Mexico. Final location included property acquisition surveys, determination of final grade line, drainage design, soil investigations, grading specifications, selection of barrow sites, determination of waterway openings, selection of bridge structures, preparation of construction specifications and contract documents.
- He managed the designed and the construction of the locomotive and car repair facilities at Cleburne, TX. This work consisted of a fueling facility to accommodate ten locomotives, a locomotive washing facility, a locomotive running repair facility to accommodate fifteen locomotives and wheel truing machine. He also managed the design of a rail car repair facility including grit blast, paint booths, one spot facility, and staging and storage tracks to support the rail car facility.
- He designed streets, storm drainage, water and sewer utilities and obtained approval from the City of Dallas, TX for improvement plans. He prepared contracts for the construction of all utilities to serve a portion of the Santa Fe Land Improvement Company Jupiter Road Industrial Park in Dallas and the Miller Road Industrial Park at Garland, TX.

Ed Landreth earned a Bachelor of Science in Civil Engineering at the University of Missouri – Rolla (formerly Missouri School of Mines), Rolla, Missouri. He is a Registered Professional Engineer, State of New Mexico PE 5801. Previous certifications (Not Current) include Registered Professional Engineer, State of Colorado PE 12637, Registered Professional Engineer, State of Texas PE 40023, and Registered Public Surveyor, State of Texas LS 2841.



**Landreth Engineering, LLC**

12231 Academy Rd. NE #301-284  
Albuquerque, New Mexico 87111

Office: 505 - 239 - 9915 — Email: EWLandreth@aol.com

***Example List of Services***

**Contract Management**

- Property Rental Rates
- Preparation of Exhibits for Leases and Contracts
- Evaluation of existing Leases and Contracts
- Annual Leased Property Inspections
- Maintenance of Lease and Contract Records

**Property Management**

- Net Liquidation Values for Railroad Lines
- Land Development Plans
- Land Sales & Acquisitions
- Asset Acquisitions
- Asset Liquidation's
- Due Diligence Studies
- Annual Inspections
- Maintenance of Land Records and Inventory

**Engineering & Design**

- Industry Track Alignments
- Field Surveys and Studies
- Cost Estimates
- Hydrology
- Concrete & Foundation Design
- New line location
- Intermodal Facilities
- Auto Unloading Facilities
- Grade Crossings
- Grade Separations
- Litigation Support
- Maintenance of Engineering Records and Maps

**Construction Management**

- Preparation of Plans
- Construction Sequence
- Standards and Specifications
- Contract and Bid Preparation
- Project Contract Management
- Project Inspection and Quality Control

**Track Maintenance**

- Track & Bridge Inspections • Rehabilitation Programs • RW Inspection
- Roadway Drainage Inspections



## Landreth Engineering, LLC

12231 Academy Rd. NE #301-284

Albuquerque, New Mexico 87111

Office: 505 – 239 – 9915 — Email: EWLandreth@aol.com

June 21, 2011

2011 Maintenance Plan (Year 1)  
Michigan Air-Line Railway (Former Segment of Grand Truck Western)  
MP 50.65 Wixom, MI to MP 45.26  
FRA Maintenance Standard Class 1 (263K)

Description	Quantities	Units	\$/Unit	Extended Cost	
Vegetation Control (Spray Roadway)	5.39	Miles	\$800	\$4,312.00	
Vegetation Control (Mow at Grade Crossings)	9.00	EA	\$800	\$7,200.00	
Vegetation Control (Spray Right of Way)	5.39	Miles	\$1,400	\$7,546.00	
Remove 1 Grade Crossing Surface	36.00	LF	\$60	\$2,160.00	Note 1
Renew Cross Ties in 1 Grade Crossing	72.00	EA	\$100	\$7,200.00	Note 1
Replace Rail Through 1 Grade Crossing	117.00	TF	\$105	\$12,285.00	Note 1
Upgrade 1 Asphalt Grade Crossing Surface w/ Concrete	36.00	LF	\$915	\$32,940.00	Note 1
Temporary Repair 2 Active Grade Crossing Warning Devices	1.00	Locations	\$100,000	\$100,000.00	Note 1
Renew Cross Ties (FRA Class 1 Maintenance St'd)	2188.00	EA	\$75	\$164,100.00	
Miscellaneous Track Repairs	5.39	Miles	\$5,315	\$28,647.85	
Track Ballast	18.00	Railcars	\$2,500	\$45,000.00	
Distribute Ballast 3 Railcars / mile	18.00	Railcars	\$1,000	\$18,000.00	
Surface Track	5.39	Miles	\$11,880	\$64,033.20	
Work Train	5.00	Days	\$1,800.00	\$9,000.00	
Subtotal				\$502,424.05	
Engineering, Supervision & Management (10%)			\$50,242	\$50,242.41	
Contingency (15%)			\$82,900	\$82,899.97	
Total				\$635,566.42	

Note 1: Location may qualify for FHWA - MIDOT Grade Crossing Safety Programs



## Landreth Engineering, LLC

12231 Academy Rd. NE #301-284  
Albuquerque, New Mexico 87111  
Office: 505 – 239 – 9915 --- Email: EWLandreth @ aol.com

June 21, 2011

Estimate for Maintenance Plan for Years 2 through 5  
Michigan Air-Line Railway (Former Segment of Grand Truck Western)  
MP 50.65 Wixom, MI to MP 45.26  
FRA Maintenance Standard Class 1 (263K)

Description	Quantities	Units	\$/Unit	Extended Cost	
Clearing & Grubbing Including Chipping & Mulching	4.00	Year	\$61,400	\$245,600.00	
Vegetation Control (Spray Roadway)	4.00	Year	\$4,312	\$17,248.00	
Vegetation Control (Mow at Grade Crossings)	4.00	Year	\$7,200	\$28,800.00	
Vegetation Control (Spray Right of Way)	4.00	Year	\$7,546	\$30,184.00	
Select Fill Material (Build Up Shoulders)	9500.00	CY	\$65.00	\$617,500.00	
Erosion Control (Silt Fence)	25000.00	LF	\$4.00	\$100,000.00	
Clean & Restore Drainage Adjacent to Track	10.00	Locations	\$6,000	\$60,000.00	
Remove Grade Crossing Surfaces	276.00	LF	\$60	\$16,560.00	Note 1
Renew Cross Ties in Grade Crossings	432.00	EA	\$100	\$43,200.00	Note 1
Replace Rail Through Grade Crossings	702.00	TF	\$105	\$73,710.00	Note 1
Upgrade Asphalt Grade Crossing Surfaces w/ Concrete	280.00	LF	\$915	\$256,200.00	Note 1
Rehabilitate Active Grade Crossing Warning Devices	5.00	Locations	\$185,000	\$925,000.00	Note 1
Install Active Grade Crossing Warning Devices (Ladd Rd)	1.00	Locations	\$185,000	\$185,000.00	Note 1
Replace Main Line Switch Ties	6.00	Set	\$48,000	\$288,000.00	
Miscellaneous Track Repairs	4.00	Year	\$24,000	\$96,000.00	
Replace Miscellaneous Track Signs	46.00	EA	\$1,200	\$55,200.00	
Subtotal				\$3,038,202.00	
Environmental			\$151,910	\$151,910.10	
Engineering, Supervision & Management (10%)			\$303,820	\$303,820.20	
Contingency (15%)			\$501,303	\$501,303.33	
Total				\$3,995,235.63	

Note 1: Some Locations may qualify for FHWA - MIDOT Grade Crossing Safety Programs

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

---

**PETITION FOR EXEMPTION**

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**EXHIBIT F**

**COMBINED ENVIRONMENTAL AND HISTORIC  
REPORT**

**Certificate of Compliance with Environmental and Historic Report Service Requirements**

**49 CFR § 1105.11 – Distribution of Environmental and Historic Reports**

The undersigned hereby certifies that Michigan Air-Line Railway Co. has complied with the Environmental and Historic Reports distribution requirements of 49 CFR § § 1105.7 and 1105.8, and with the related transmittal letter requirements of 49 CFR § 1105.11. Specifically, on June 10, 2011, I caused a copy of the Combined Environmental and Historic Report (which follows this certification in Exhibit F to the Petition for Exemption), to be mailed by first-class mail, postage prepaid, to each of the following under cover of a transmittal letter in the form prescribed at Section 1105.11 (an example of which is attached hereto as Attachment 1):

Greg Johnson, Chief Operations Officer  
Michigan Department of Transportation  
425 W. Ottawa Street  
P.O. Box 30050  
Lansing, Michigan 48909

Kirk T. Steudle, Director  
Michigan Department of Transportation  
2700 Port Lansing Road  
Lansing, Michigan 48906

Rodney Stokes, Director  
Michigan Department of Natural Resources  
Mason Building, 6<sup>th</sup> Floor  
P.O. Box 30028  
Lansing, Michigan 48909

Dan Wyant, Director  
Michigan Department of Environmental Quality  
Constitution Hall  
525 W. Allegan Street  
P.O. Box 30473  
Lansing, Michigan 48909-7973

Andrew Hartz, District Supervisor  
Water Resources Unit  
Water Resources Division  
Michigan Department of Environmental Quality  
27700 Donald Court  
Warren, Michigan 48092-2793

L. Brooks Patterson, County Executive  
Oakland County  
Executive Office Building – 41 West  
2100 Pontiac Lake Road  
Waterford, Michigan 48328-0409

Kathleen Jackson, Administrator  
Commerce, Walled Lake and  
Wixom Trailway Management Council  
2009 Township Drive  
Commerce Township, Michigan 48381

The Honorable Brian Calley  
Lieutenant Governor of Michigan  
Romney Building  
111 S. Capitol Avenue, 5<sup>th</sup> Floor  
Lansing, Michigan 48933

Susan Hedman, Regional Administrator  
Region 5 – US Environmental Protection Agency  
77 West Jackson Boulevard, Mailcode: R-19J  
Chicago, Illinois 60604

Robert Kaplan, Director  
Office of Regional Counsel  
Region 5 – US Environmental Protection Agency  
77 West Jackson Boulevard, Mailcode: R-19J  
Chicago, Illinois 60604

Tameka Dandridge  
U.S. Fish and Wildlife Service  
East Lansing Field Office  
2651 Coolidge Road, Suite 101  
East Lansing, Michigan 48823

Charlie Stockman  
Rivers, Trails and Conservation Assistance Program  
National Park Service  
1201 Eye St., NW, Suite 550B  
Washington, DC 20005

Matt Harrington, National Environmental Coordinator  
Ecological Sciences Division  
Natural Resources Conservation Service  
U.S. Department of Agriculture  
P.O. Box 2890  
Washington, DC 20013

Simon Monroe  
National Geodetic Survey  
N/NGS12  
1315 East-West Highway, #9202  
Silver Spring, Maryland 20910-3282

Martha McFarlane Faes  
Deputy State Historic Preservation Officer  
Michigan State Historic Preservation Office  
Michigan Historical Center  
702 West Kalamazoo Street  
Lansing, Michigan 48909-8240

June 30, 2011

A handwritten signature in black ink, appearing to read "W. Robert Alderson", written over a horizontal line.

W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
CONKLIN, BURGHART & CROW, L.L.C.  
Attorney for Michigan Air-Line Railway Co.

June 10, 2011

Greg Johnson, Chief Operations Officer  
Michigan Department of Transportation  
425 W. Ottawa Street  
PO Box 30050  
Lansing, Michigan 48909

Re: *Michigan Air-Line Railway Co. – Abandonment Exemption –  
Line In Oakland County, Michigan*, STB Docket No. AB-1053 (Sub-No. 2X)

Dear Mr. Johnson:

On or after July 1, 2011, Michigan Air-Line Railway Co. ("MAL Railway") expects to file with the U.S. Surface Transportation Board ("STB") a Petition for Exemption pursuant to 49 CFR § 1152.60, Subpart G, for MAL Railway to abandon approximately 5.45 miles of rail line ("Line") located entirely in Oakland County, Michigan. The Line extends westerly from Railroad Milepost 45.26 (Engineer's Profile Station 2389+72) on the west line of Haggerty Road to Railroad Milepost 50.65 (Engineer's Profile Station 2677+67) on the right-of-way line of CSX Transportation, Inc. in the City of Wixom, Michigan. The Line traverses territory included in United States Postal Service Zip Codes 48390 and 48393. Enclosed is a Combined Environmental and Historic Report ("Report") describing any expected environmental and historic effects of the proposed abandonment. Attached to the Report as Exhibits 1-1, 1-2, 1-3 and 1-4 are maps which identify the proposed project.

We are providing this Report so that you may review the information that will form the basis for the STB's independent environmental and historical analysis of this proceeding. If any of the information is misleading or incorrect, if you believe that pertinent information is missing or if you have any questions about the STB's environmental review process, please contact the Office of Environmental Analysis ("OEA"), Surface Transportation Board, 395 E Street, SW, Washington, DC 20423-0001; TEL: (202) 245-0295 and refer to STB Docket No. AB-1053 (Sub-No. 2X).

On January 5, 2011, I sent to you a Combined Environmental and Historic Report which was attached as Exhibit F to a Petition for Exemption filed in STB Docket AB-1053 (Sub-No. 1X). In its decision in that docket issued on May 17, 2011 (Service Date: May 18, 2011), the STB denied MAL Railway's Petition for Exemption, but without prejudice to MAL Railway filing another Petition for Exemption, which it will do in the above-referenced docket. The foregoing is to explain why the enclosed Report is substantially the same as the one sent to you previously in the prior docket.

Greg Johnson  
June 10, 2011

Attachment 1  
Page 2 of 2

Because the applicable statutes and regulations impose stringent deadlines for processing this action, your written comments to the OEA (at the address provided above) along with a copy to MAL Railway's representative (at the address provided below) would be appreciated within three weeks. Your comments will be considered by the STB in evaluating the environmental and/or historic preservation impacts, if any, of the contemplated action.

If there are any questions concerning this proposal, please contact either W. Robert Alderson of the law firm of ALDERSON, ALDERSON, WEILER, CONKLIN, BURGHART & CROW, L.L.C., 2101 S.W. 21<sup>st</sup> Street, Topeka, Kansas 66604; by facsimile at (785) 232-1866; by e-mail at [boba@aldersonlaw.com](mailto:boba@aldersonlaw.com); or by telephone at (785) 232-0753; or Dirk H. Beckwith of the law firm of FOSTER, SWIFT, COLLINS & SMITH, P.C., 32300 Northwestern Highway, Suite 230, Farmington Hills, Michigan 48334; by facsimile at (248) 538-3618; by e-mail at [dbeckwith@fosterswift.com](mailto:dbeckwith@fosterswift.com); or by telephone at (248) 539-9918.

Very truly yours,

W. Robert Alderson  
ALDERSON, ALDERSON, WEILER,  
CONKLIN, BURGHART & CROW, L.L.C.  
Attorney for Michigan Air-Line Railway Co.

Enclosure

cc: Vicki Rutson, Director  
Office of Environmental Analysis (OEA)  
Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423-0001

**BEFORE THE  
SURFACE TRANSPORTATION BOARD  
WASHINGTON, DC**

---

**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

---

**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

---

**COMBINED ENVIRONMENTAL AND HISTORIC REPORT**

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In connection with the above-captioned proceeding, Michigan Air-Line Railway Co. ("MAL Railway") intends to abandon its rail line located entirely in Oakland County, Michigan, pursuant to a Petition for Exemption filed with the U.S. Surface Transportation Board ("STB" or "Board"). In accordance with the requirements of 49 CFR § 1105.7 (Environmental Reports) and § 1105.8 (Historic Reports), which provisions apply to rail line abandonments (including, as is the case here, a rail line abandonment under the petition for exemption procedures at 49 CFR Part 1152, Subpart G), MAL Railway hereby submits its Combined Environmental and Historic Report.

**ENVIRONMENTAL REPORT**  
**49 CFR § 1105.7(e)(1)-(11)**

***49 CFR § 1105.7(e)(1) Proposed Action and Alternatives***

***Describe the proposed action, including commodities transported, the planned disposition (if any) of any rail line and other structures that may be involved, and any possible changes in current operations or maintenance practices. Also describe any reasonable alternatives to the proposed action. Include a readable, detailed map and drawings clearly delineating the project.***

Michigan Air-Line Railway Co. ("MAL Railway") proposes to abandon 5.45 miles of its rail line ("Line") located entirely in Oakland County, Michigan, extending westerly from Railroad Milepost 45.26 (Engineer's Profile Station 2250+20) at the west line of Haggerty Road to Railroad Milepost 50.65 (Engineer's Profile Station 2677+67) at the right-of-way line of CSX Transportation, Inc. MAL Railway anticipates that it will obtain authority to abandon the Line one hundred ten (110) days after MAL Railway's Petition for Exemption is filed with the Board on or after July 1, 2011.

If the proposed abandonment is approved pursuant to the Petition for Exemption, MAL Railway will remove or cause to be removed the rails, ties and other track materials from the Line's roadbed. Subject to the respective rights of first refusal of the Michigan Department of Transportation ("MDOT") and the Michigan Department of Natural Resources ("MDNR") [as explained in § 1105.7(e)(3)(i) below], once abandonment of the Line has been approved by the Board, MAL Railway anticipates the likelihood of selling the abandoned right-of-way to a governmental entity in Michigan, for use as a recreational trail. The recreational trail would adjoin the west end of the existing West Bloomfield Trail, as extended pursuant to MAL Railway's sale on December 13, 2010, of its abandoned right-of-way in West Bloomfield Township, Michigan, to the West Bloomfield Parks and Recreation Commission ("WBPRC"). The right-of-way acquired by WBPRC was approved for abandonment by the Board pursuant to a notice of exemption in STB Docket No. AB-1053X (Service Date: August 24, 2010), and it

adjoins the west end of the existing West Bloomfield Trail. Thus, MAL Railway's salvage operations on the Line following its abandonment will not remove the ballast, but will cause the roadbed to be graded to a condition suitable for its use as a recreational trail.

Among the potential purchasers of the Line's right-of-way upon abandonment is the Commerce, Walled Lake and Wixom Trailway Management Council ("Council"), which was formed pursuant to an interlocal agreement among governmental entities situated in Oakland County, Michigan. Although the discussion between MAL Railway and the Council have not resulted in a definitive agreement between them, the Council has expressed an interest in acquiring the Line's right-of-way for use as a recreational trail, once it is abandoned. To facilitate that possibility, the Council has submitted grant applications to the Michigan Natural Resources Trust Fund ("MNTRF") and to MDOT, to obtain moneys that will enable the Council to fund such acquisition. The Council's ability to purchase the Line's abandoned right-of-way depends on whether these grant applications are approved.

The only alternative to abandonment of the Line would be to not abandon it, thereby requiring MAL Railway to continue operating on the Line as a rail common carrier, even though to do so would result in a net revenue loss to MAL Railway.

Maps of the Line proposed to be abandoned are attached hereto as **Exhibit 1-1, Exhibit 1-2 and Exhibit 1-3**. The map in **Exhibit 1-1** was included as Figure 2 in the Acquisition section of the Council's grant application to MNRTF. It shows the Line highlighted in pink, and it identifies the numerous wetlands adjoining the Line.

**Exhibit 1-2** shows the entirety of MAL Railway's rail line in Oakland County, Michigan, highlighted in yellow, and it shows the proximity of the rail line to other recreational trails. As noted above, the segment of the line in West Bloomfield Township was authorized for abandonment by the STB, and the WBPRC purchased the abandoned right-of-way for use as a recreational trail, to serve as an extension of the West Bloomfield Trail.

The map in **Exhibit 1-2** is contained in the Michigan Air-Line-Railway Trailway Master Plan 2009-2014, which was prepared by the Council. This map illustrates the potential future use of the entirety of MAL Railway's railroad right-of-way in Oakland County, Michigan, as a recreational trail.

The map attached as **Exhibit 1-3** shows the Line in relation to other recreational trails, and in relation to the major streets in the communities (Commerce Township and the cities of Walled Lake and Wixom) traversed by the Line.

Also attached as **Exhibit 1-4** is a map showing the location of the Walled Lake Depot, which will be discussed subsequently in the Historic Report.

**§ 1105.7(e)(2) Transportation System**

***Describe the effects of the proposed action on regional or local transportation systems and patterns. Estimate the amount of traffic (passenger or freight) that will be diverted to other transportation systems or modes as a result of the proposed action.***

There is only one shipper on the Line, American Plastic Toys, Inc. ("APT"), located at 799 Ladd Road, Walled Lake, Michigan 48390, and the revenues generated by serving this shipper are not adequate to offset the costs of such service. APT receives plastic pellets in hopper cars and ships out plastic toys via motor carriers. Over the past several years, APT's traffic volume has decreased substantially. In 2008, 2009 and 2010, APT received 67, 52 and 52 railcars of pellets, respectively. There were no outbound shipments during these years.

On or about November 12, 2009, R. Robert Butler, President of MAL Railway, met with officers of APT and advised them of MAL Railway's intent to abandon the Line. There were other similar meetings in 2010 and, as explained in R. Robert Butler's Verified Statement (**Exhibit D** to the Petition for Exemption), in each instance MAL Railway made APT aware of its intent to abandon the Line. Subsequent to these meetings, APT secured multiple bids for the transloading of its material.

Using the maximum number of railcars moved annually for this shipper in the past three years (i.e., 67 railcars in 2008), and a railcar to truck ratio of 1:4, shipping this material by truck rather than railcar would generate approximately 268 incoming truck trips per year (i.e., 536 roundtrips), or less than a dozen truck trips per week. MAL Railway submits that this very limited increase in truck traffic would result in negligible impacts to air quality or the local or regional transportation networks. MAL Railway believes that the proposed abandonment also would not adversely impact the development, use and transportation of energy resources or recyclable commodities or the transportation of ozone-depleting materials.

**§ 1105.7(e)(3) Land Use**

***(i) Based on consultation with local and/or regional planning agencies and/or a review of the official planning documents prepared by such agencies, state whether the proposed action is consistent with existing land use plans. Describe any inconsistencies.***

MAL Railway believes the proposed abandonment is consistent with existing local land use plans. In particular, it would appear that the proposed abandonment and potential sale of the Line's abandoned right-of-way to an appropriate governmental entity for use as a recreational trail are entirely consistent with the Oakland County Trails Master Plan ("Master Plan") which was adopted by the Oakland County Parks & Recreation Commission on September 3, 2008. The land adjoining the entirety of the Line includes expansive areas of wetlands and woodlands. This is illustrated by the map attached as **Exhibit 1-1**. Attached hereto as **Exhibit 2** are seventeen photographs (**Exhibit 2-1** through **Exhibit 2-17**) taken of selected segments of the Line and the land adjoining the Line. Several of these photographs illustrate the expansive areas of wetlands and woodlands adjoining the Line. In STB Docket No. AB-1053 (Sub-No. 1X), the Board permitted MAL Railway to file a Surreply to APT's Reply and Objection to MAL Railway's Petition for Exemption. Attached to the Surreply as Exhibit B was the Affidavit of Daniel J. Navarre, testifying among other things to the fact that he took the photographs in **Exhibit 2-1** to

**Exhibit 2-10** and in **Exhibit 2-12** to **Exhibit 2-17** on September 28, 2010, and that the photographs are of selected portions of the Line.

If the abandoned right-of-way is acquired by a governmental entity for use as a recreational trail, such acquisition would be entirely consistent with the land use in the area. Of pertinence is the fact that the entirety of MAL Railway's rail line in Oakland County is in close proximity to other recreational trails. Once the Line is abandoned, if its right-of-way is acquired by the Council or another governmental entity and developed into a recreational trail, it will adjoin the west end of the extended West Bloomfield Trail. This will eliminate the trail "gap" identified in the Master Plan, between the existing West Bloomfield Trail and the City of Wixom, Michigan.

It should be noted, though, that a Michigan statute (M.C.L.A. 474.58) may serve as an impediment to the foregoing scenario. That statute grants MDOT and MDNR the right of first refusal to purchase, upon the Line's abandonment, the Line's right-of-way. Each of these agencies has 60 days from the Line's abandonment in which to submit to MAL Railway a "reasonable offer" to purchase the abandoned right-of-way. An offer to sell the right-of-way upon abandonment, as required by the statute, was submitted by MAL Railway to each of these agencies by a joint letter dated June 9, 2011. Regardless of whether either of these agencies or another governmental agency purchases the Line's right-of-way upon abandonment, it will be used for a public purpose.

Draft copies of this report have been sent to Oakland County, Michigan, and the Council, along with a request for their review and comment. If the County or the Council responds to MAL Railway's request for review and comment, MAL Railway promptly will forward relevant information to the Board.

***(ii) Based on consultation with the U.S. Soil Conservation Service, state the effect of the proposed action on any prime agricultural land.***

The land surrounding the Line includes commercial/light industrial properties (see photographs attached as **Exhibits 2-7, 2-8 and 2-12**), a suburban residential area (see photographs attached as **Exhibits 2-5, 2-6 and 2-15**), and includes sizable and wide-open expanses of woodlands and wetlands. Wetlands are identified by the map attached as **Exhibit 1-1**, and wetlands and woodlands are shown in the photographs attached as **Exhibits 2-1, 2-2, 2-3, 2-4, 2-14 and 2-17**. MAL Railway submits that, considering these land characteristics, it is highly unlikely that there is any prime agricultural land that would be affected by the proposed abandonment. MAL Railway has reviewed a custom soil survey report for the general project area. There are areas of the associated soils map designated as "Prime Farmland." However, MAL Railway respectfully submits that the abandonment of the Line will not affect these areas. To the extent that MAL Railway salvages or causes to be salvaged the rails, ties and other track materials on the Line upon abandonment, access to the right-of-way for salvage operations will be over the right-of-way itself and from the various public streets that cross the existing right-of-way, thereby avoiding obtaining access by crossing areas of Prime Farmland. A draft copy of this report has been sent to the United States Department of Agriculture, Natural Resources Conservation Service ("USDA/NRCS"), along with a request for its review and comment. If the agency responds to MAL Railway's request for review and comment, MAL Railway promptly will forward relevant information to the Board.

***(iii) If the action affects land or water uses within a designated coastal zone, include the coastal zone information required by 1105.9.***

Based upon a review of a MDEQ Coastal Zone Management Program map<sup>1</sup> and preliminary consultation with MDEQ Coastal Zone Program staff, MAL Railway does not believe the Line passes through a designated coastal zone. A copy of this report has been sent to MDEQ along with a request for its review and comment. If the agency responds to MAL

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<sup>1</sup> Available at [http://www.michigan.gov/documents/deq/deq-ess-clm-CMPSTAFFMAP\\_225160\\_7.pdf](http://www.michigan.gov/documents/deq/deq-ess-clm-CMPSTAFFMAP_225160_7.pdf).

Railway's request for review and comment, MAL Railway promptly will forward relevant information to the Board.

***(iv) If the proposed action is an abandonment, state whether or not the right-of-way is suitable for alternative public use under 49 U.S.C. 10905 and explain why.***

MAL Railway has very good reason to believe that the subject right-of-way is suitable for other non-transportation purposes, for the reasons set forth in response to Part 3(i) above. If the subject abandonment is authorized by the Board, MAL Railway anticipates the distinct possibility it will sell and convey the Line's abandoned right-of-way to the Council or another appropriate governmental entity, for use as a recreational trail, subject to MDOT's and MDNR's respective rights of first refusal, as explained in Part 3(i) above.

**§ 1105.7(e)(4) Energy**

***(i) Describe the effect of the proposed action on transportation of energy resources.***

See the discussion of the Transportation System in 1105.7(e)(2) above, indicating that the proposed abandonment will have no effect on the transportation of energy resources.

***(ii) Describe the effect of the proposed action on recyclable commodities.***

See the discussion of the Transportation System in 1105.7(e)(2) above, indicating that the proposed abandonment will have no effect on the transportation of recyclable commodities.

***(iii) State whether the proposed action will result in an increase or decrease in overall energy efficiency and explain why.***

The proposed abandonment will have no effect on overall energy efficiency.

***(iv) If the proposed action will cause diversions from rail to motor carriage of more than: (A) 1,000 rail carloads a year; or (B) an average of 50 rail carloads per mile per year for any part of the affected line, quantify the resulting net change in energy consumption and show the data and methodology used to arrive at the figure given.***

See the discussion of the Transportation System in 1105.7(e)(2) above, indicating that the proposed abandonment will not cause any rail-to-motor carrier traffic diversion of this magnitude.

**§ 1105.7(e)(5) Air**

***(i) If the proposed action will result in either: (A) An increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, or (B) an increase in rail yard activity of at least 100 percent (measured by carload activity), or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment, quantify the anticipated effect on air emissions. For a proposal under 49 U.S.C. 10901 (or 10505) to construct a new line or reinstitute service over a previously abandoned line, only the eight train a day provision in sub-section (5)(i)(A) will apply.***

The above thresholds will not be exceeded as a result of the proposed abandonment.

***(ii) If the proposed action affects a class I or nonattainment area under the Clean Air Act, and will result in either: (A) an increase in rail traffic of at least 50 percent (measured in gross ton miles annually) or an increase of at least three trains a day on any segment of rail line; (B) an increase in rail yard activity of at least 20 percent (measured by carload activity); or (C) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on a given road segment, then state whether any expected increased emissions are within the parameters established by the State Implementation Plan. However, for a rail construction under 49 U.S.C. 10901 (or 49 U.S.C. 10505), or a case involving the reinstitution of service over a previously abandoned line, only the three train a day threshold in this item shall apply.***

The above thresholds will not be exceeded as a result of abandonment.

***(iii) If transportation of ozone depleting materials (such as nitrogen oxide and freon) is contemplated, identify: the materials and quantity; the frequency of service; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and spills; contingency plans to deal with accidental spills; and the likelihood of an accidental release of ozone depleting materials in the event of a collision or derailment.***

Not applicable.

**§ 1105.7(e)(6) Noise**

***If any of the thresholds identified in item (5)(i) of this section are surpassed, state whether the proposed action will cause: (i) an incremental increase in noise levels of three decibels Ldn or more; or (ii) an increase to a noise level of 65 decibels Ldn or greater. If so, identify sensitive receptors (e.g., schools, libraries, hospitals, residences, retirement communities and nursing homes) in the project area, and quantify the noise increase for these receptors if the thresholds are surpassed.***

None of the thresholds identified in item (5)(i) of this section will be exceeded.

**§ 1105.7(e)(7) Safety**

***(i) Describe any effects of the proposed action on public health and safety (including vehicle delay time at railroad grade crossings).***

The proposed abandonment will have no detrimental effects on public health and safety. There are at-grade, right-angle crossings of the Line at the M-5 Connector, Welch Road, Decker Road, Pontiac Trail Road, Ladd Road, Benstein Road, W. Maple Road, Beck Road and Wixom Road. If abandonment of the Line is approved by the Board, each of these crossings will be placed in a condition which satisfies the requirements of the public authority having jurisdiction of the crossing. To the extent that the elimination of the rail crossings improves traffic flow and/or road conditions, then it may be said that the proposed abandonment would benefit public safety.

***(ii) If hazardous materials are expected to be transported, identify: the materials and quantity; the frequency of service; whether chemicals are being transported that, if mixed, could react to form more hazardous compounds; safety practices (including any speed restrictions); the applicant's safety record (to the extent available) on derailments, accidents and hazardous spills; the contingency plans to deal with accidental spills; and the likelihood of an accidental release of hazardous materials.***

Not applicable.

***(iii) If there are any known hazardous waste sites or sites where there have been known hazardous materials spills on the right-of-way, identify the location of those sites and the types of hazardous materials involved.***

Not applicable.

**§ 1105.7(e)(8) Biological Resources**

***(i) Based on consultation with the U.S. Fish and Wildlife Service, state whether the proposed action is likely to adversely affect endangered or threatened species or areas designated as a critical habitat, and if so, describe the effects.***

MAL Railway does not believe that the proposed abandonment will have any impact on endangered or threatened species or on any area designated as a critical habitat. From its review of the known endangered species and candidates to be designated as endangered species in the area traversed by the Line, MAL Railway identified the following endangered species: Indiana

bat (*Myotis sodalis*); rayed bean mussel (*Villosa fabalis*) (proposed endangered species); snuffbox mussel (*Epioblama triquerta*); and candidate eastern massasauga rattlesnake (*Sistrurus catenatus catenatus*). MAL Railway advised Tameka Dandridge of the U.S. Fish and Wildlife Service (“USFWS”) of these findings in a telephone conference in the middle of April, 2011, and further advised Ms. Dandridge that the salvage operations to be conducted following abandonment are subject to prescribed conditions in a salvage contract that will not permit the salvage operations to have any impact on any of these endangered species. This information was reduced to writing in a letter from MAL Railway’s attorney to Ms. Dandridge dated April 20, 2011.

Ms. Dandridge responded to that letter by email dated April 28, 2011. In her email, Ms. Dandridge reviewed the facts presented to her by MAL Railway and she concluded, as follows:

This precludes the need for further action on this project as required by the Act [Section 7 of the Endangered Species Act of 1973, as amended]. If the project is modified or new information about the project becomes available that indicates listed species or critical habitat may be affected in a manner or to an extent not previously considered, you should reinitiate consultation with this office.

***(ii) State whether wildlife sanctuaries or refuges, National or State parks or forests will be affected, and describe any effects.***

MAL Railway has notified the National Park Service of the proposed abandonment and, with that notification, included a request for the agency’s review of this report and comment upon it. If the agency responds to MAL Railway’s request for review and comment, MAL Railway promptly will forward relevant information to the Board.

**§ 1105.7(e)(9) Water**

***(i) Based on consultation with State water quality officials, state whether the proposed action is consistent with applicable Federal, State or local water quality standards. Describe any inconsistencies.***

MAL Railway is confident that the proposed abandonment will be accomplished in a manner consistent with applicable water quality standards. In connection with this matter, MAL

Railway has notified MDEQ and the United States Environmental Protection Agency ("EPA") of the proposed abandonment, and, with those notifications, included a request for the agencies' review of this report and their comments upon it. If these agencies respond to MAL Railway's request for review and comment, MAL Railway promptly will forward relevant information to the Board.

***(ii) Based on consultation with the U.S. Army Corps of Engineers, state whether permits under section 404 of the Clean Water Act (33 U.S.C. 1344) are required for the proposed action and whether any designated wetlands or 100-year flood plains will be affected. Describe the effects.***

MAL Railway's legal counsel received a copy of a letter dated November 19, 2010, from Laura A. Garrett, Regulatory Project Manager, U.S. Army Corps of Engineers Compliance and Enforcement Branch, to Vicki Rutson, Director, STB's Office of Environmental Analysis, and based on that letter, MAL Railway did not send a copy of this report to USACE. In her letter, Ms. Garrett stated, in part: "In 1984 a portion of the Corps' regulatory responsibilities was assumed by the Michigan Department of Natural Resources and Environment (MDNRE). This project site [the Line] is within the assumed area. Unless otherwise notified, a separate authorization from the Corps is not required; however, Michigan Air-Line Railway Company may need to obtain a permit from the MDNRE." Ms. Garrett suggested that contact be made with Andrew Hartz, Land and Water Management Division, MDNRE, and she copied Mr. Hartz on her letter.

Subsequent to the date of Ms. Garnett's letter, the MDNRE has separated into two distinct agencies, Michigan Department of Environmental Quality (MDEQ) and Michigan Department of Natural Resources (MDNR). The duties of MDNRE referenced in Ms. Garrett's letter have been assumed by MDEQ. Accordingly, in addition to the report sent to MDEQ, with a request that MDEQ review and comment on it, a separate copy of the report was sent to Andrew Hartz, District Supervisor of the Water Resources Unit of MDEQ's Water Resources Division,

with a request that he review and comment on the Report. However, previous to sending Mr. Hartz a copy of the report, Mr. Hartz and legal counsel for MAL Railway exchanged email regarding the necessity of MAL Railway obtaining a permit under Section 404 of the Clean Water Act. In an email dated April 29, 2011, to MAL Railway's legal counsel, Mr. Hartz advised that MAL Railway did not need to obtain permits for the various regulatory programs under that Act, based on information provided by MAL Railway, with the caveat that, if any of the work contemplated by these regulatory programs becomes necessary in abandoning the Line, further contact with Mr. Hartz should be made. No such work is deemed necessary at this time. If a further response is received from Mr. Hartz or other personnel at MDEQ, MAL Railway will promptly forward the response to the Board.

***(iii) State whether permits under section 402 of the Clean Water Act (33 U.S.C. 1342) are required for the proposed action.***

MAL Railway believes that no permits under section 402 of the Clean Water Act would be required for the proposed abandonment. Upon obtaining authority to abandon the Line, any track removal would be accomplished via access over the existing railroad right-of-way, along with existing access from the various public streets that cross the Line. MAL Railway does not intend, to the extent that it will salvage the track, to create any access roads to reach the various sections of the Line. In addition, MAL Railway does not intend to perform any activities that would cause sedimentation or erosion of the soil, and it does not anticipate any dredging or use of fill in removal of the rails, ties and other track materials. No debris will be discarded along the right-of-way as a result of salvage activities, nor will it be placed or deposited into streams or wetlands, or along the banks of such waterways. Any work along the right-of-way will be subject to appropriate measures to prevent or control spills from fuels, lubricants or any other pollutant materials. It is for all of the above reasons that MAL Railway does not believe that any permits under Section 402 of the Clean Water Act will be required.

As indicated in Section (9)(i), above, MAL Railway has sent copies of this report, along with requests for review and comment, to MDEQ and EPA, and it will forward to the Board any responses it receives from these agencies.

**§ 1105.7(e)(10) Proposed Mitigation**

***Describe any actions that are proposed to mitigate adverse environmental impacts, indicating why the proposed mitigation is appropriate.***

There will be no adverse environmental impact within the subject project area as a result of the proposed rail line abandonment; therefore, mitigation will not be necessary.

**§1105.7(e)(11) Additional Information for Rail Construction**

Not applicable.

*(The remainder of this page intentionally left blank.)*

**HISTORIC REPORT**  
**49 CFR 1105.8(d)(1)-(9)**

**§ 1105.8(d) Proposed Action and Alternatives**

The Board's rules governing Historic Reports require that such reports contain the same information regarding the "proposed action and alternatives" as is required by Section 1105.7(e)(1) in connection with Environmental Reports. Because this document is a Combined Environmental and Historic Report, detailed information concerning the "proposed action and alternatives" is set forth in the preceding Environmental Report section of this document, and MAL Railway hereby incorporates here by reference the information provided above in response to the requirements of Section 1105.7(e)(1).

**§ 1105.8(d)(1) Map**

*A U.S.G.S. topographic map (or an alternate map drawn to scale and sufficiently detailed to show buildings and other structures in the vicinity of the proposed action) showing the location of the proposed action, and the locations and approximate dimensions of railroad structures that are 50 years old or older and are part of the proposed action.*

See **Exhibit 1-4**, which is a map of the Line identifying the location of the Walled Lake Depot, which, to the best of MAL Railway's information and belief, is the only structure on the Line that is 50 years old or older.

On January 28, 2011, MAL Railway filed a Petition for Exemption in STB Docket No. AB-1053 (Sub-No. 1X). The Petition was denied by the Board's decision of May 17, 2011 (Service Date: May 18, 2011). However, of relevance here is the fact that on or about the time the Petition for Exemption was filed in that prior docket, MAL Railway filed with the Michigan State Historic Preservation Office ("MSHPO") an application for review of the proposed abandonment in that prior docket, pursuant to Section 106 of the National Historic Preservation Act of 1966, as amended. By letter dated March 21, 2011, Martha McFarlane Faes, Michigan's Deputy State Historic Preservation Officer, advised the STB that "no historic properties are

affected” by the proposed abandonment of the rail line identified in that prior docket. That has relevance here, since that rail line is identical to the Line sought to be abandoned in the current docket.

A copy of the Combined Environmental and Historic Report also was provided to Simon Monroe of the National Geodetic Survey (“NGS”) with a request for his review and comment. Mr. Monroe previously had been advised by MAL Railway that it had engaged Thomas M. Smith, PS, a licensed professional land surveyor, to locate and recover geodetic markers (control stations) which are of record along the Line. Mr. Smith filed a report detailing his efforts but he was unable to locate any of the control stations. A copy of Mr. Smith’s report was provided to Mr. Monroe, and a copy is attached hereto as **Exhibit 4**.

On November 19, 2010, Mr. Monroe emailed counsel for MAL Railway, advising of two geodetic markers that “may be located in the area” traversed by the Line. Mr. Monroe’s email was forwarded by MAL Railway’s counsel to Thomas M. Smith, with a request that he indicate whether he had looked for the two geodetic markers identified in Mr. Monroe’s email. Mr. Smith responded by email dated November 22, 2010, indicating he had looked for the markers in question, but that “[n]o remains were found.” Mr. Smith’s response is consistent with his earlier report (**Exhibit 4**).

By email dated April 21, 2011, Mr. Monroe stated to MAL Railway’s legal counsel: “I regret my report [was not] clear enough for you. After your surveyor [Mr. Smith] determined the survey marks in question were not in harms way, it is a go.” Thus, MAL Railway submits that there no longer exist any geodetic markers or control stations to be encountered during salvage operations on the Line following abandonment.

**§ 1105.8(d)(2) Description of Right-of-Way**

***A written description of the right-of-way (including approximate widths, to the extent known), and the topography and urban and/or rural characteristics of the surrounding area.***

The Line's right-of-way is approximately 5.45 miles in length, and is generally 50 feet in width. The subject right-of-way includes nine (9) at-grade crossings [see response to 1105.7(a)(7)]. The topography around the Line is generally flat, with an occasional hilly area. As noted in the response to Section 1105.7(e)(3)(i), the land adjoining the Line includes commercial/light industrial properties, suburban residential areas, wide-open expanses of woodlands and approximately 73.9 acres of wetlands. The map in **Exhibit 1-1** shows the locations of the numerous wetlands along the Line. The Council, in a grant application to the MNRTF, identified eleven wetlands along the Line. The photographs in **Exhibits 2-1** through **2-8** illustrate the varied characteristics and topography of the area traversed by and surrounding the Line.

**§ 1105.8(d)(3) Photographs**

*Good quality photographs (actual photographic prints, not photocopies) of railroad structures on the property that are 50 years old or older and of the immediately surrounding area*

As noted previously, the only structure on the Line that is 50 years old or older is the Walled Lake Depot ("Depot"). Photographs of the Depot are included at **Exhibits 2-9, 2-10** and **2-11**. The photograph in the latter exhibit was taken in the early 1890's.

**§ 1105.8(d)(4) Background Information on Structures of Interest**

*The date(s) of construction of the structure(s), and the date(s) and extent of any major alterations, to the extent such information is known.*

The Depot was constructed in 1877. It was partially destroyed by fire in the 1940's. (The exact date is unknown.) When the Depot was repaired following the fire, an addition was made to the west end of the Depot. The photograph in **Exhibit 2-9** shows the addition.

**§ 1105.8(d)(5) History of Carrier Operations in the Area**

*A brief narrative history of carrier operations in the area, and an explanation of what, if any, changes are contemplated as a result of the proposed action.*

As background information, MAL Railway had its origin shortly after the Civil War. It was a consolidation of the Michigan Air-Line Railroad Company and the Grand Trunk Railway Company of Indiana, with the Articles of Consolidation being dated July 14, 1868. Attached hereto as **Exhibit 3** is a Historic Timeline reflecting the various changes in ownership and operations of MAL Railway to the present.

The Michigan Air-Line Railroad Company laid rails from Richmond to Romeo in 1869. In the 1870s, Michigan Air-Line Railroad was operated under agreement with Michigan Central Railroad, which eventually acquired a majority of the capital stock of Michigan Air-Line Railroad. The planned main line from Wiles to Richmond was never completed, due to financial problems and depression. This caused a segment of the line to become an isolated, dead-end branch line. The last part of the line was sold and then leased to a Company that went bankrupt in 1873, which resulted in the sale of the line at foreclosure and the reorganization of the company in 1875 as Michigan Air-Line Railway Co. The Michigan Air-Line Railway Co. was operated by its stronger shareholder, Grand Trunk Railway, which eventually merged into Canadian National Railroad and was renamed as Grand Trunk Western Railway. Today, the only segment of the original Michigan Air-Line Railroad and Michigan Air-Line Railway Co. lines that have not been abandoned is the last segment from Wixom, Michigan to West Bloomfield Township in Oakland County, Michigan. The proposed abandonment pursuant to Petition for Exemption includes the eastern 5.45 miles of that segment.

**§ 1105.8(d)(6) Summary of Documents in MAL Railway's Possession**

*A brief summary of documents in the carrier's possession, such as engineering drawings, that might be useful in documenting a structure that is found to be historic.*

No such documents are available.

**§ 1105.8(d)(7) Opinion Regarding Historic Character of Structures**

*An opinion (based on readily available information in the railroad's possession) as to whether the site and/or structures meet the criteria for listing on the National Register*

***of Historic Places (36 CFR 60.4), and whether there is a likelihood of archeological resources or any other previously unknown historic properties in the project area, and the basis for these opinions (including any consultations with the State Historic Preservation Office, local historical societies or universities).***

As noted previously in the response to Section 1105.8(d)(1), MAL Railway filed with the MSHPO an application for a Section 106 review. After completing its review, MSHPO concluded that “no historic properties are affected” by abandonment of the Line. Thus, the Walled Lake Depot situated along the Line cannot be considered a historic property. MAL Railway also is unaware of any archeological resources or any other previously unknown historic properties.

**§ 1105.8(d)(8) *Known Ground Disturbance or Environmental Conditions***

***A description (based on readily available information in the railroad’s possession) of any known prior subsurface ground disturbance or fill, environmental conditions (naturally occurring or manmade) that might affect the archeological recovery of resources (such as swampy conditions or the presence of toxic wastes), and the surrounding terrain.***

A portion of the Line was constructed on a series of cuts and fills which appear to date back to the Line’s original construction. (MAL Railway has no records to confirm that the subject cuts and fills are original to the Line, but it is MAL Railway’s opinion that this is the case.) Over the years, track work and/or construction likely took place on the Line, while it was still fully operational. Original track construction, and subsequent track work and maintenance may have disturbed the potential for recovery of archaeological resources along the Line. MAL Railway is not aware of any environmental conditions that would otherwise affect the archaeological recovery of resources.

**BEFORE THE  
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**STB DOCKET NO. AB-1053 (Sub-No. 2X)**

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

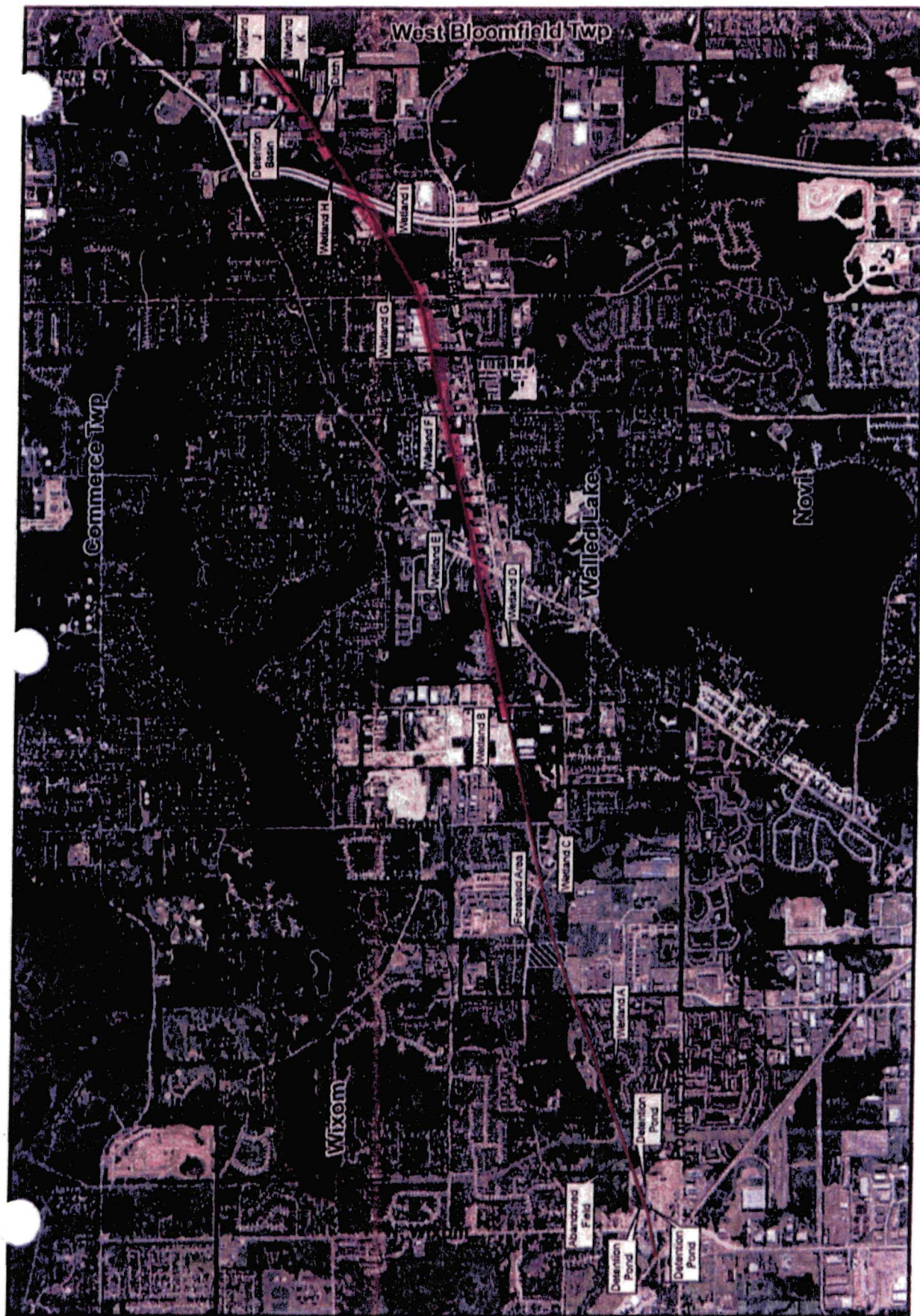
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**COMBINED ENVIRONMENTAL AND HISTORIC REPORT**

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**EXHIBIT 1**

**MAPS**



## Coe Railroad

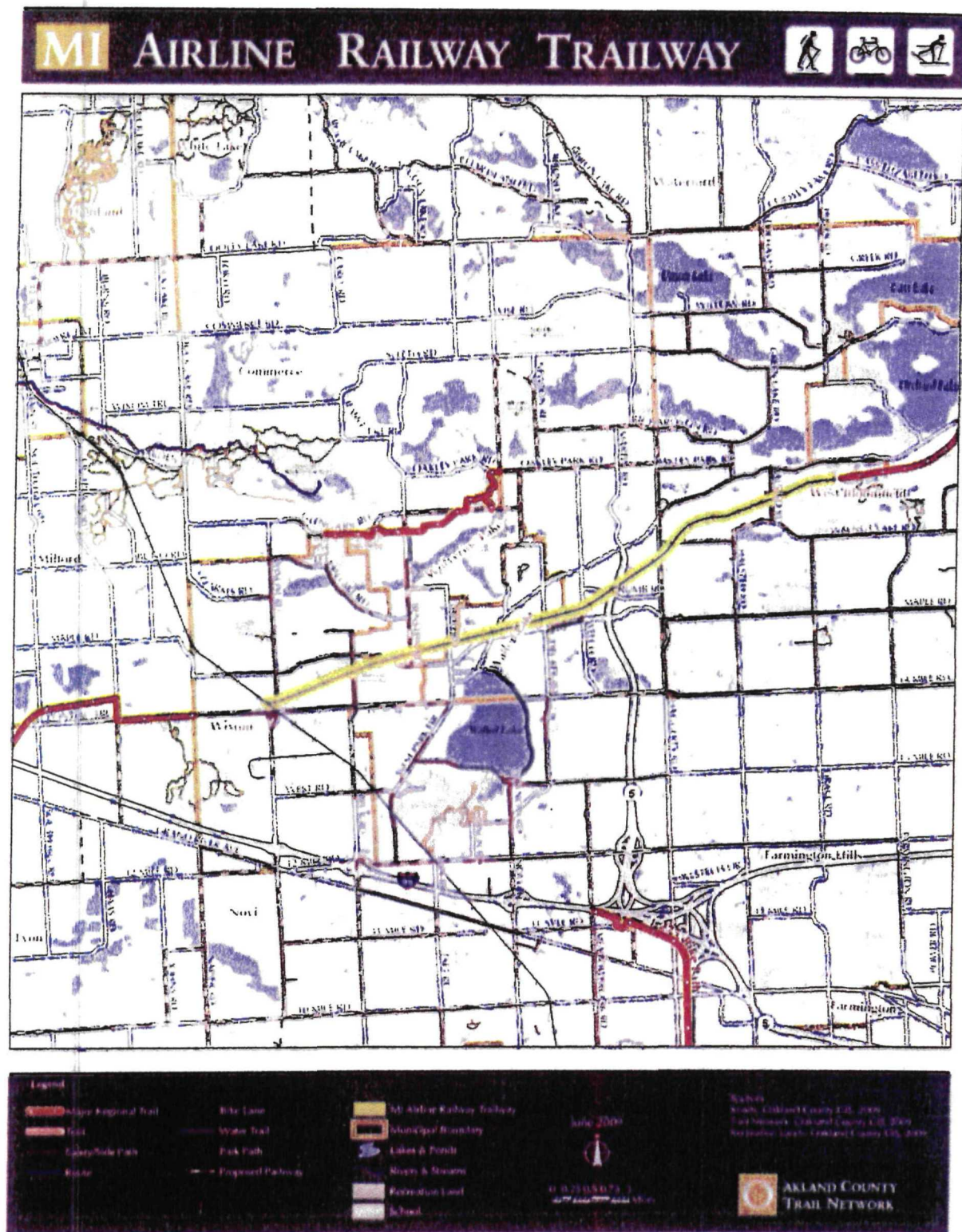
Oakland County, MI

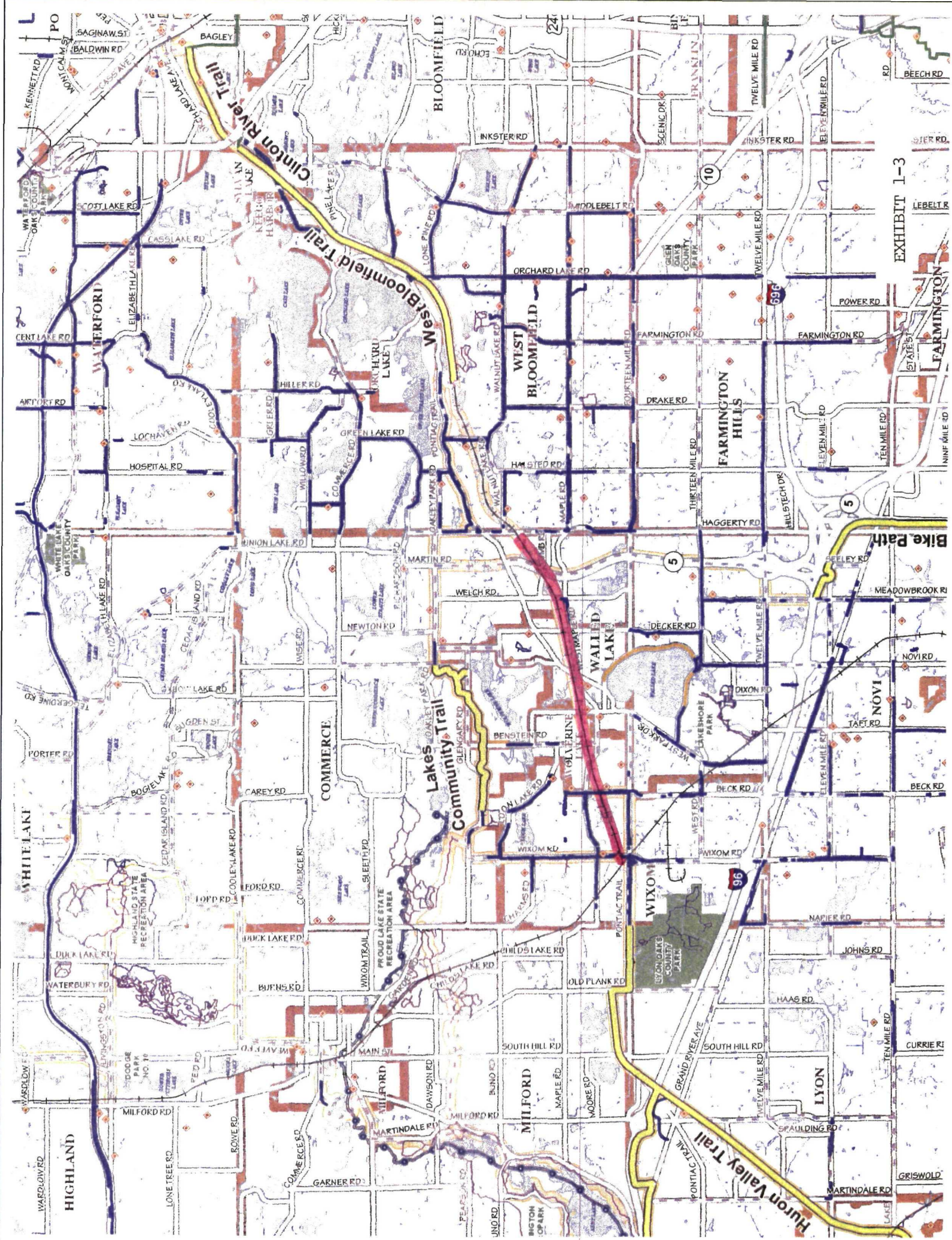
Created for: City of Walled Lake, City of Wixom, & Charter Township of Commerce  
 Created by: AGS, July 31, 2009, ASTI Project 7075

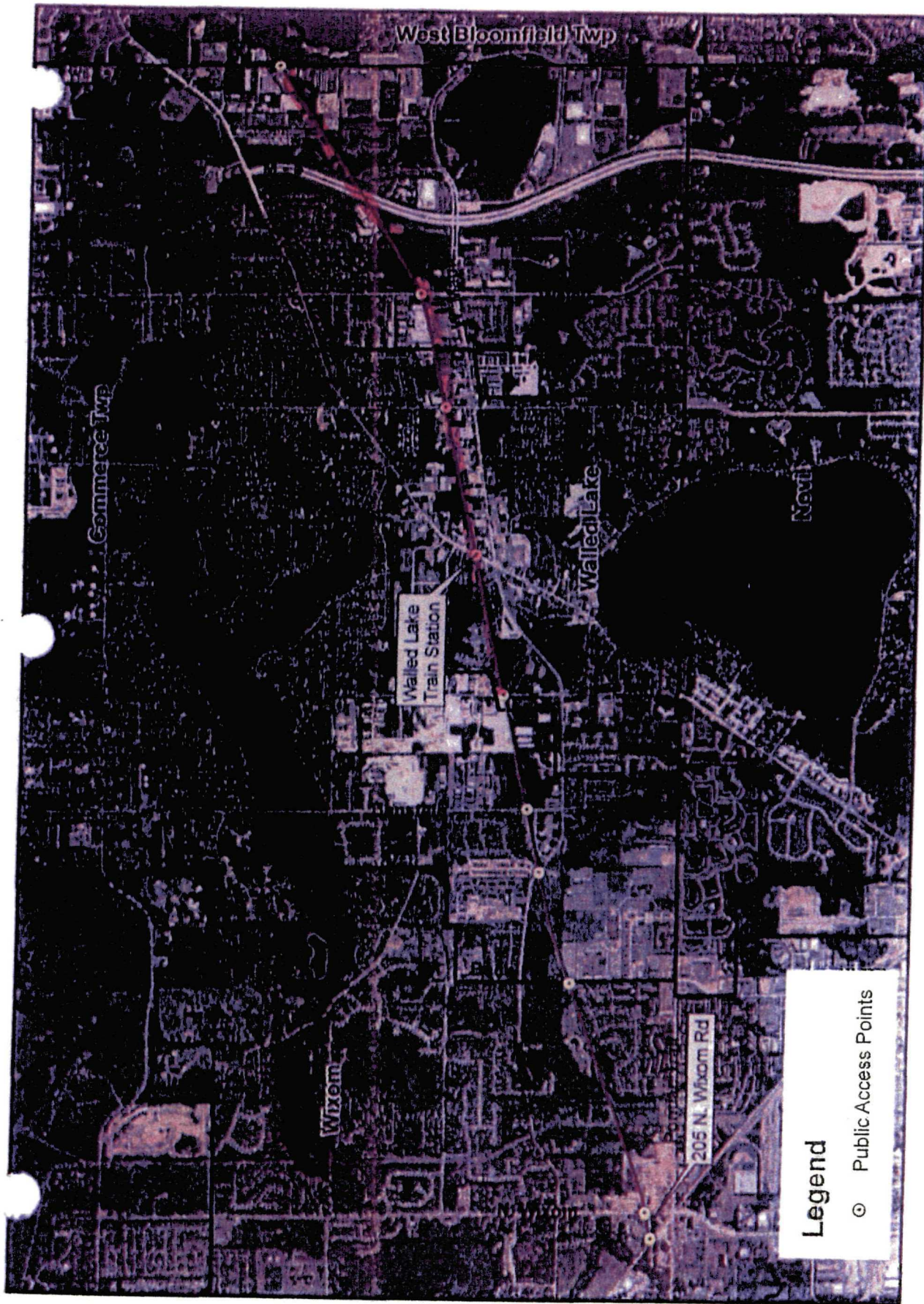


Figure 2 - Site Features

Exhibit 1-1







# Coe Railroad

Oakland County, MI

Created for: City of Walled Lake, City of Wixom, & Charter Township of Commerce  
 Created by: AGS, July 31, 2009, ASTI Project 7075

Figure 4 - Public Access Points

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**COMBINED ENVIRONMENTAL AND HISTORIC REPORT**

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**EXHIBIT 2**

**PHOTOGRAPHS**

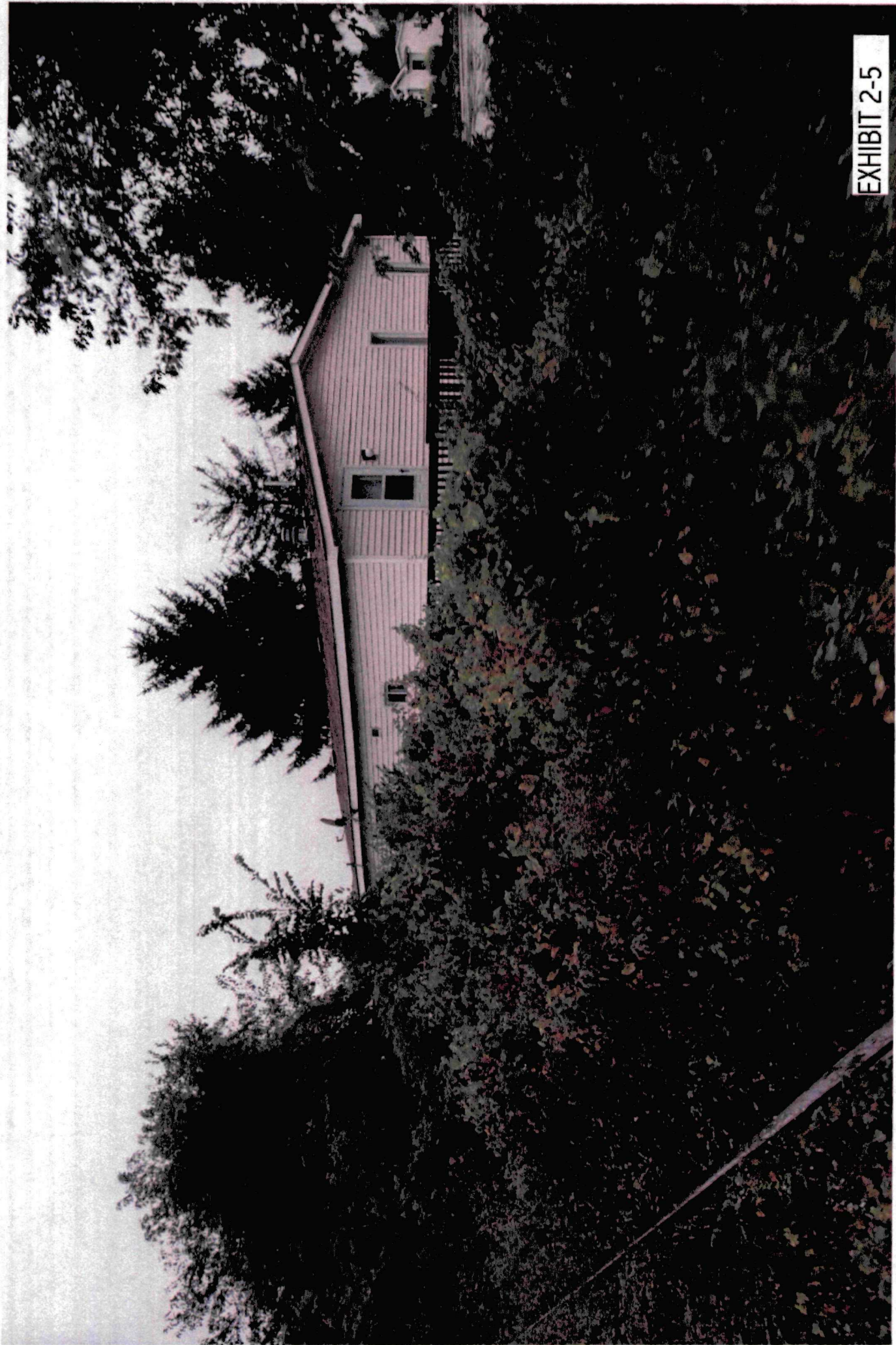








EXHIBIT 2-5



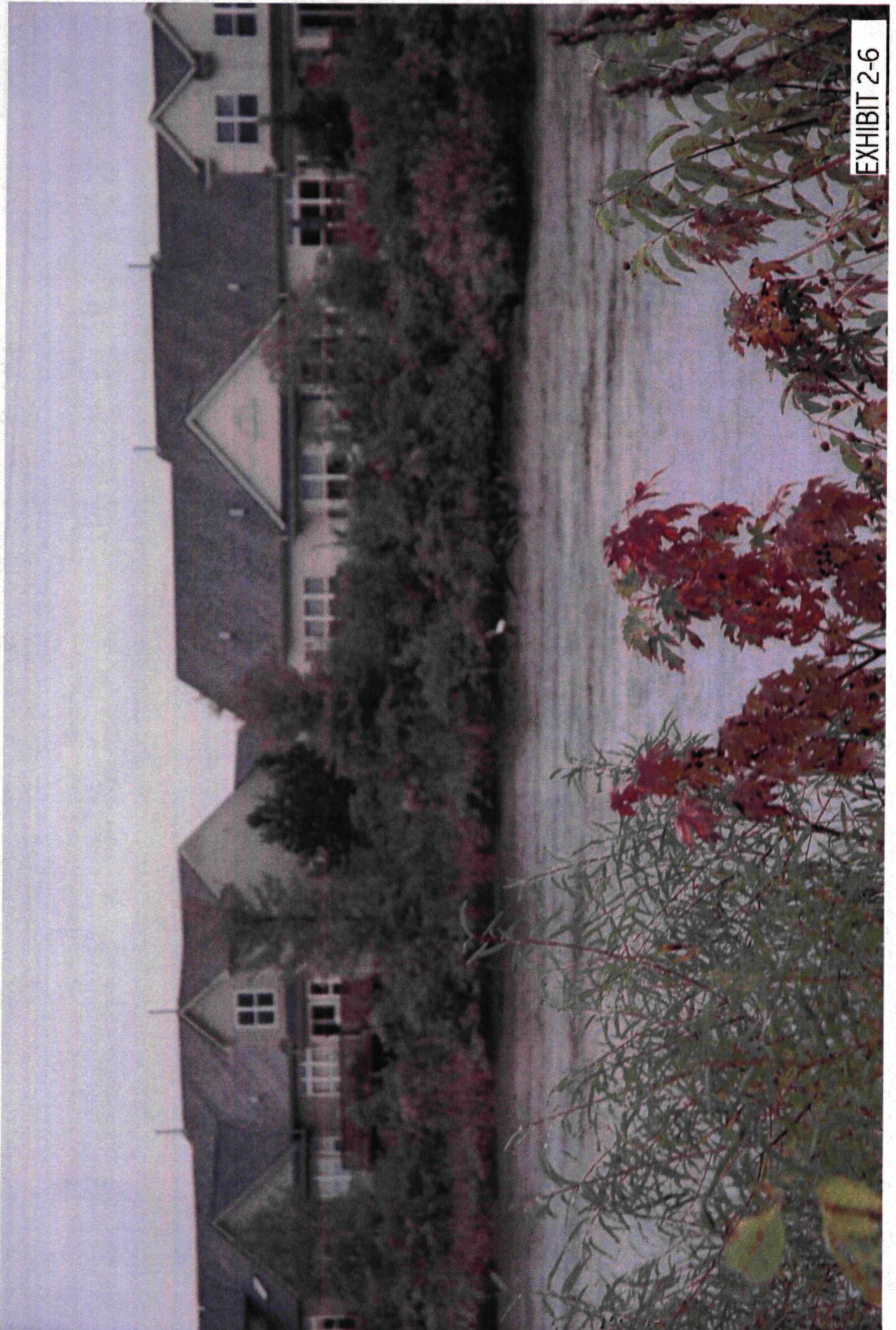
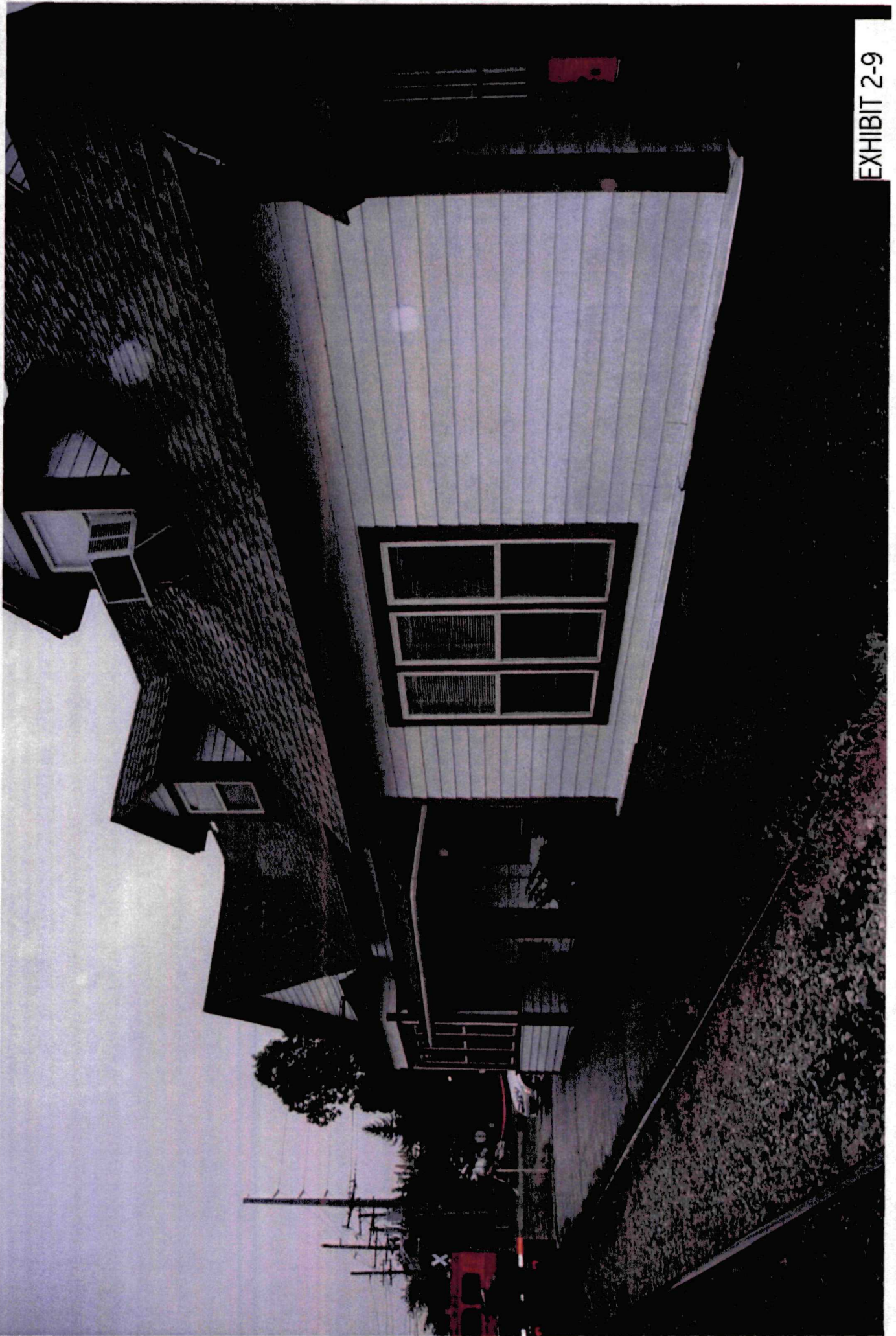




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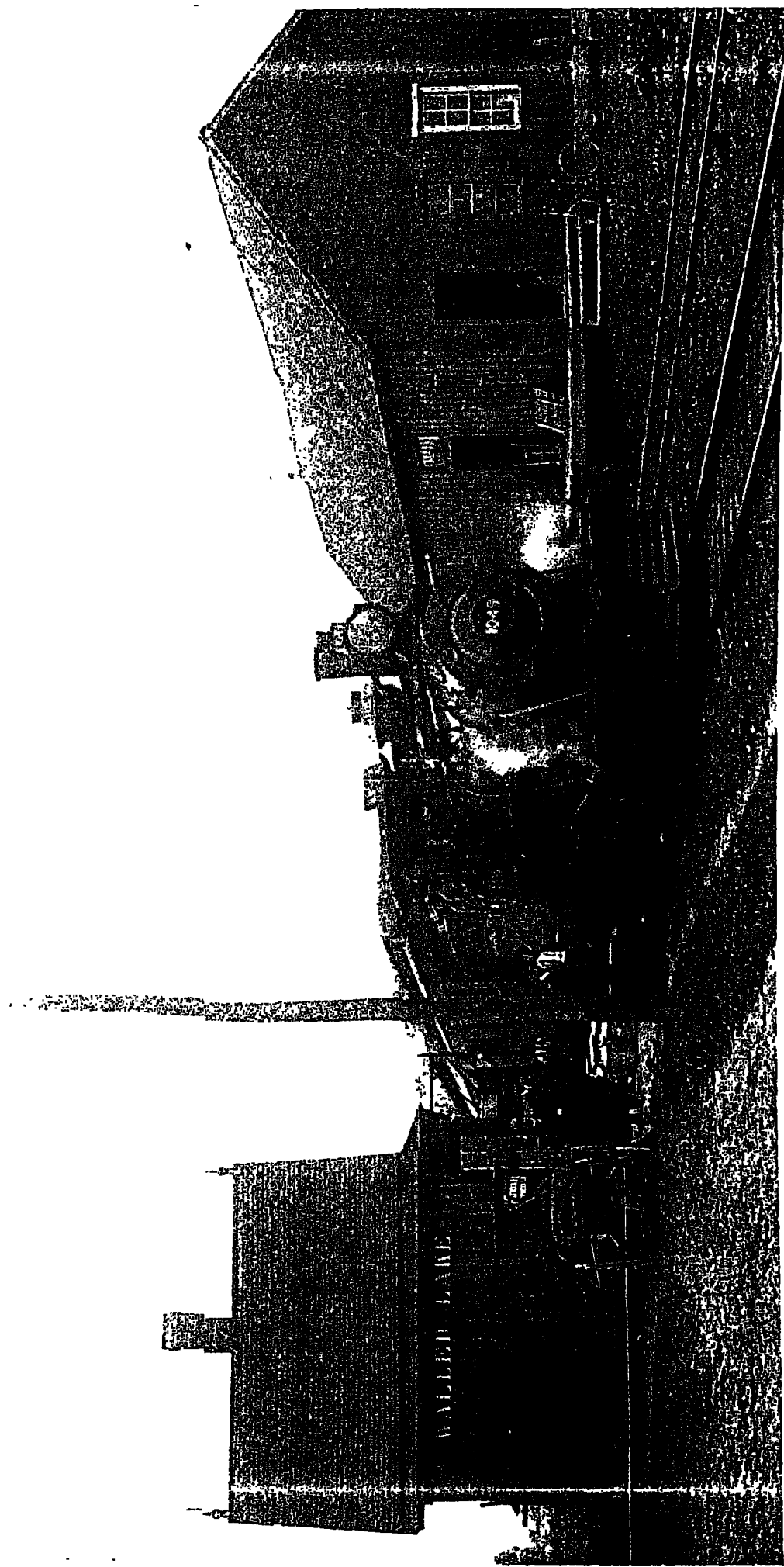


EXHIBIT 2-12



EXHIBIT 2-13

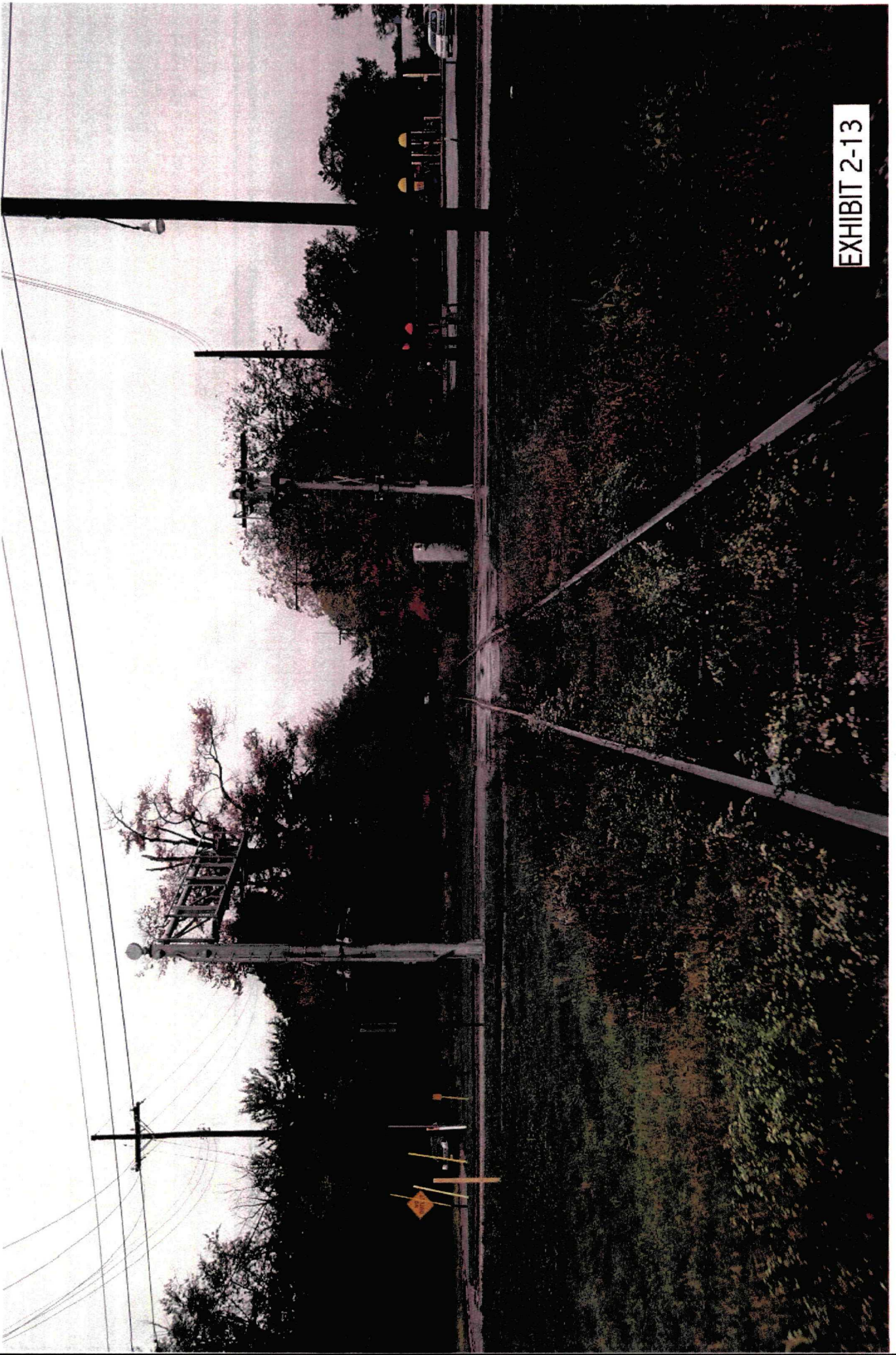


EXHIBIT 2-14





EXHIBIT 2-16

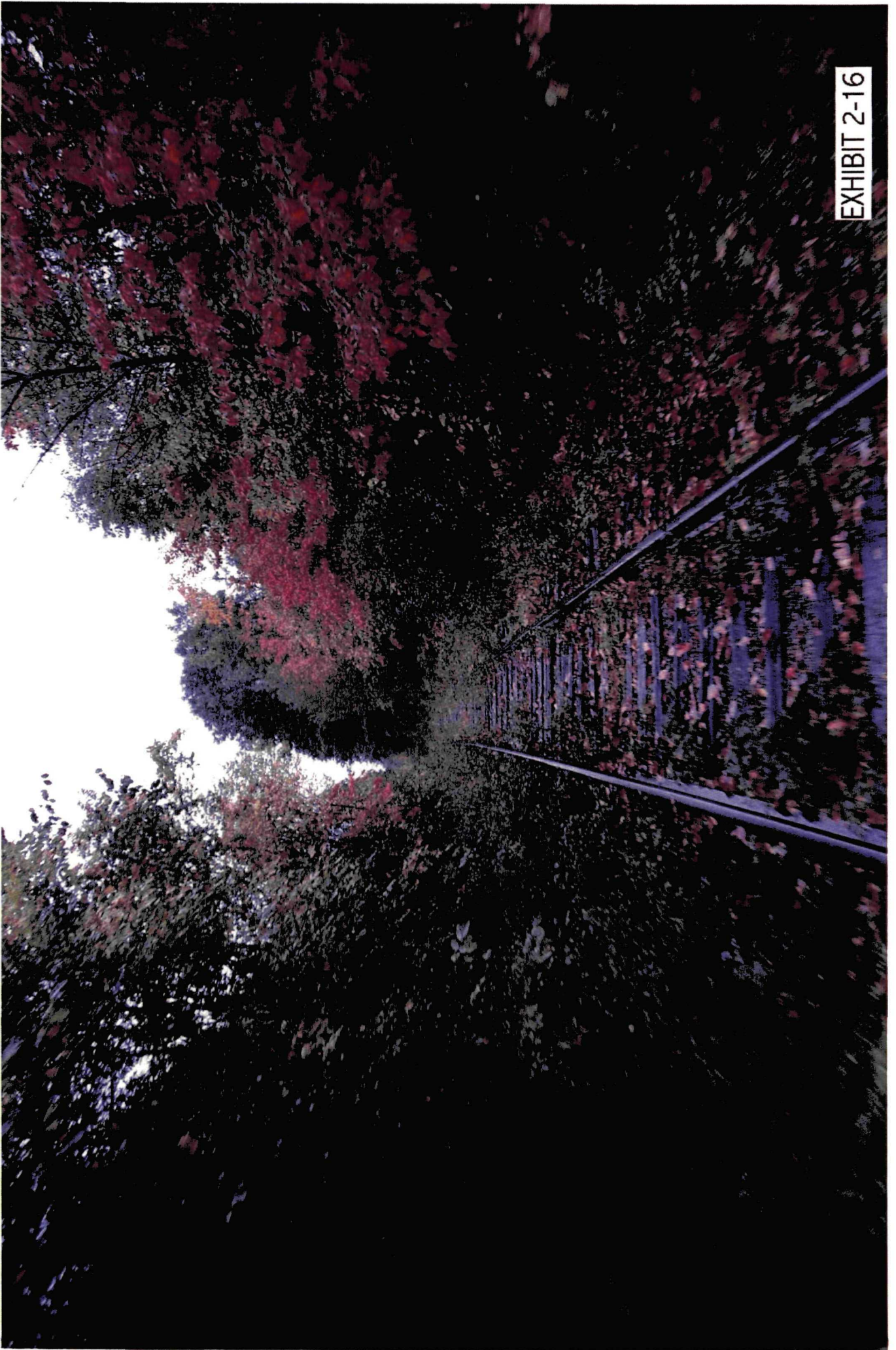
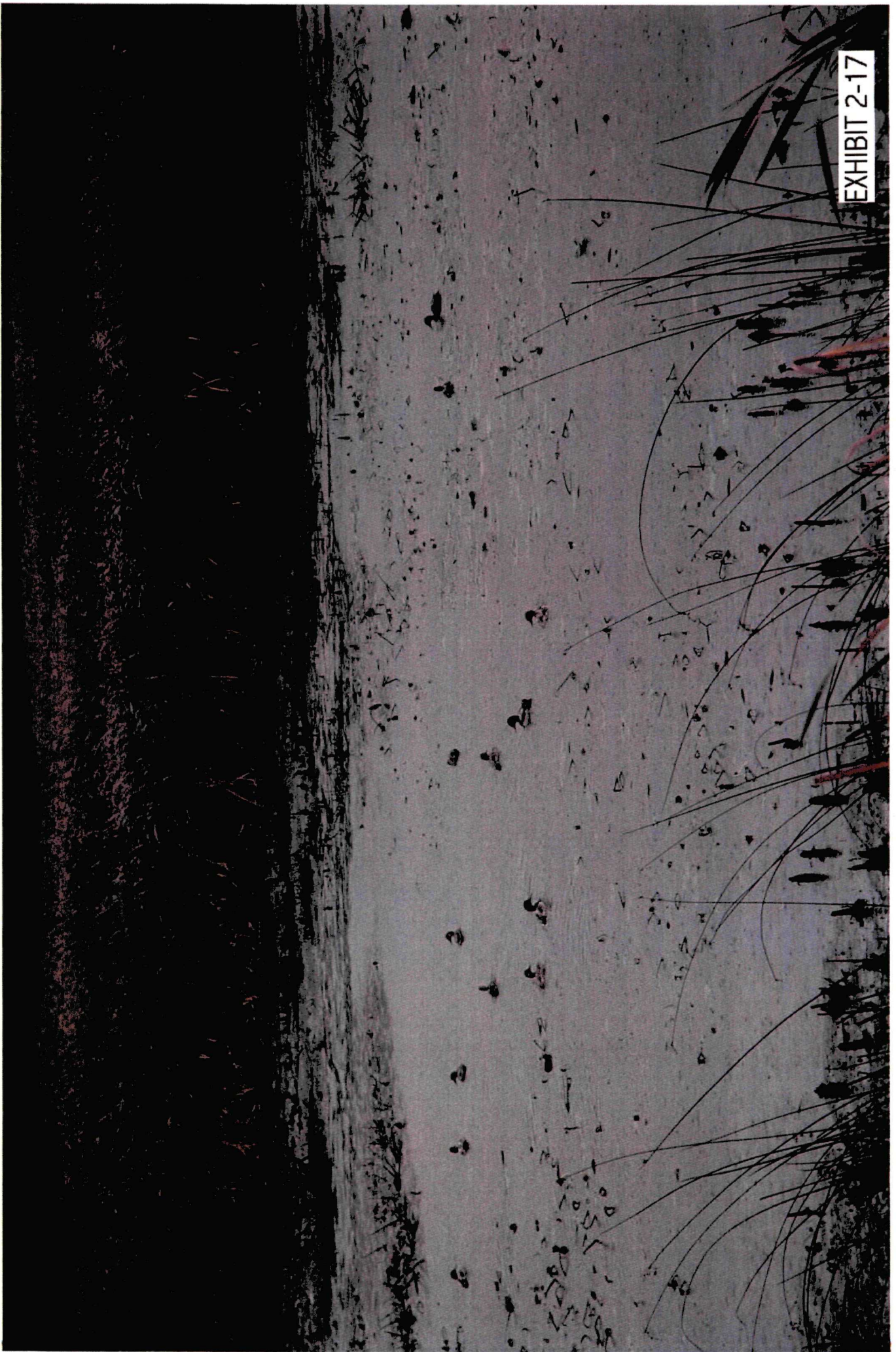


EXHIBIT 2-17



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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

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**COMBINED ENVIRONMENTAL AND HISTORIC REPORT**

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**EXHIBIT 3**

**HISTORIC TIMELINE**

**Historic Timeline of the Michigan Air-Line Railway Co.**

- 1869 – December 9<sup>th</sup>: Michigan Air Line Railroad opens line from Richmond to Romeo Michigan.
- 1870 – Summer: Michigan Air Line Railroad completes line from Jackson to Homer Michigan.
- 1870 – Autumn: Michigan Air Line Railroad extends line from Homer to Three Rivers.
- 1871 – Early Year: Michigan Air Line Railroad completes line north of Jackson between late 1870 and early 1871.
- 1871 – April 17<sup>th</sup>: Michigan legislature enacted a law requiring passenger train conductors to announce the next station in all cars.
- 1872 – 1878: Panic & Depression brings most start-up railroads to their knees.
- 1877: Michigan Air Line Railroad is built from Port Huron to Romeo.
- 1878: Depression ends.
- 1877 – 1883: Michigan Air Line Railroad is slowly built to Jackson.
- 1883: Michigan Air Line Railroad reaches Jackson Michigan from Pontiac. Line is now completed through present day operation which includes Wixom to West Bloomfield.
- 1884 – January 1<sup>st</sup>: Grand Trunk (Michigan Air Line Railway Co.) opens line from Ridgeway to Jackson.
- 1887 – Grand Trunk builds new depot in Walled Lake Michigan. Depot was subsequently used for the offices of Coe Rail Inc.
- 1887 – U.S. Congress creates Interstate Commerce Commission (ICC) to provide for Federal regulation of railroad rates, and ultimately railroads themselves.
- 1923 – Grand Trunk Railway is merged into the Canadian National Railroad (CNR).
- 1928 – CNR consolidates the five railroads that make up the Grand Trunk Railway and renames the company Grand Trunk Western Railway and is the sole US railroad subsidiary of CNR.
- 1984 – Grand Trunk Western Railroad sells the line from Wixom to West Bloomfield to Coe Rail Inc.

- 2006 – June 2, 2006: Coe Rail is acquired by Railmark Holdings, Inc.
- June 28, 2006: The name of Coe Rail, Inc., is changed to Michigan Air-Line Railway Co.
- 2009 – November 11, 2009. Michigan Air-Line Railway Co. is acquired by Browner Turnout Co.
- 2010 – In STB Docket No. AB-1053X (Service Date: August 24, 2010), Michigan Air-Line Railway Co. was authorized to abandon 2.37 miles of its rail line in West Bloomfield Township, Oakland County, Michigan

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**MICHIGAN AIR-LINE RAILWAY CO.  
- ABANDONMENT AND DISCONTINUANCE OF SERVICE EXEMPTION -  
LINE IN OAKLAND COUNTY, MICHIGAN**

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**COMBINED ENVIRONMENTAL AND HISTORIC REPORT**

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**EXHIBIT 4**

**NGS RECOVERY REPORT**

**Thomas M. Smith, PS**

Professional Land Surveyor

Licensed since 1985

EXHIBIT 4

PAGE 1 of 4

**NGS RECOVERY REPORT**

**DESIGNATION: N 106**

**PID: NE0817**

**STATE/COUNTY: MI/OAKLAND**

**USGS QUAD: WALLED LAKE**

**UNABLE TO RECOVER** control station by using existing witness measurements. The only witness that remains is the intersection of the two railroad tracks. The railway station no longer exists.

**DESIGNATION: M 106**

**PID: NE0816**

**STATE/COUNTY: MI/OAKLAND**

**USGS QUAD: WALLED LAKE**

**UNABLE TO RECOVER** control station by using existing witness measurements. The original station was located in the same general area as N 106. & P 106. The only witness that remains is the intersection of the two railway lines.

**DESIGNATION: P 106**

**PID: NE0379**

**STATE/COUNTY: MI/OAKLAND**

**USGS QUAD: WALLED LAKE**

**UNABLE TO RECOVER** control station by using existing witness measurements. The station was located near M 106 & N 106. All remaining witnesses might still be in existence. A rail still exists, a small outbuilding remains, although a newer building appears to be erected on the old foundation and the intersection of the two railways exist. I did notice a clump of asphalt, possibly on top of a concrete mound, but I couldn't positively identify this as the control station.

**DESIGNATION: Q 106**

**PID: NE0378**

**STATE/COUNTY: MI/OAKLAND**

**USGS QUAD: WALLED LAKE**

**UNABLE TO RECOVER** control station by using existing witness measurements. The witnesses make no reference to Pontiac Trail so it was difficult to determine what side of the road the station would have been. There are two buildings located on either side of the intersection of the railroad tracks and Pontiac Trail, both could possibly be the original Railway Station as described in the witnesses. However, I couldn't not find any evidence of the station from the witness distance using either building as the Railway Station. The station platform witness no longer remains.

# Thomas M. Smith, PS

Professional Land Surveyor  
Licensed since 1985

EXHIBIT 4  
PAGE 2 of 4

**DESIGNATION: 48 1/2**

**PID: NE0377**

**STATE/COUNTY: MI/OAKLAND**

**USGS QUAD: WALLED LAKE**

**UNABLE TO RECOVER** control station by using existing witness measurements. The transmission tower 509 still remains. However, the description of the station being 2 feet lower than the rails contradicts the field condition. The ground to the north of the rails at the required distance from the transmission tower is 2 feet **HIGHER** than the rails. The area may have been filled.

I have attached photos for each station.

**DESIGNATION: N 106**

**PID: NE0817**



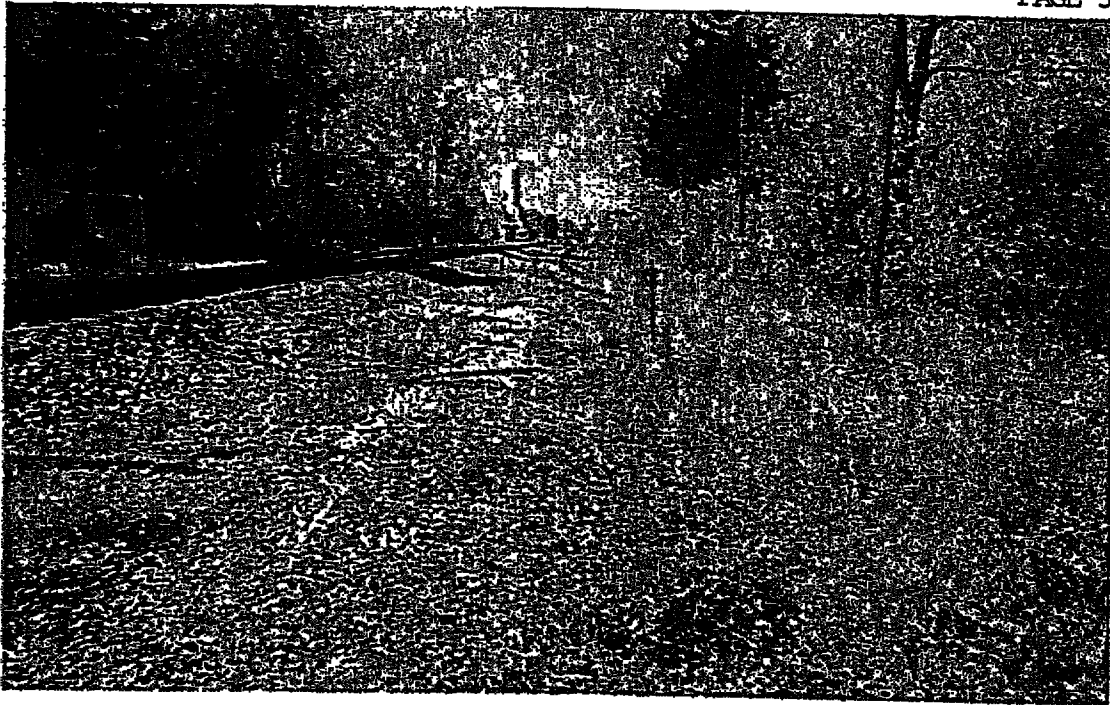
# Thomas M. Smith, PS

Professional Land Surveyor  
Licensed since 1985

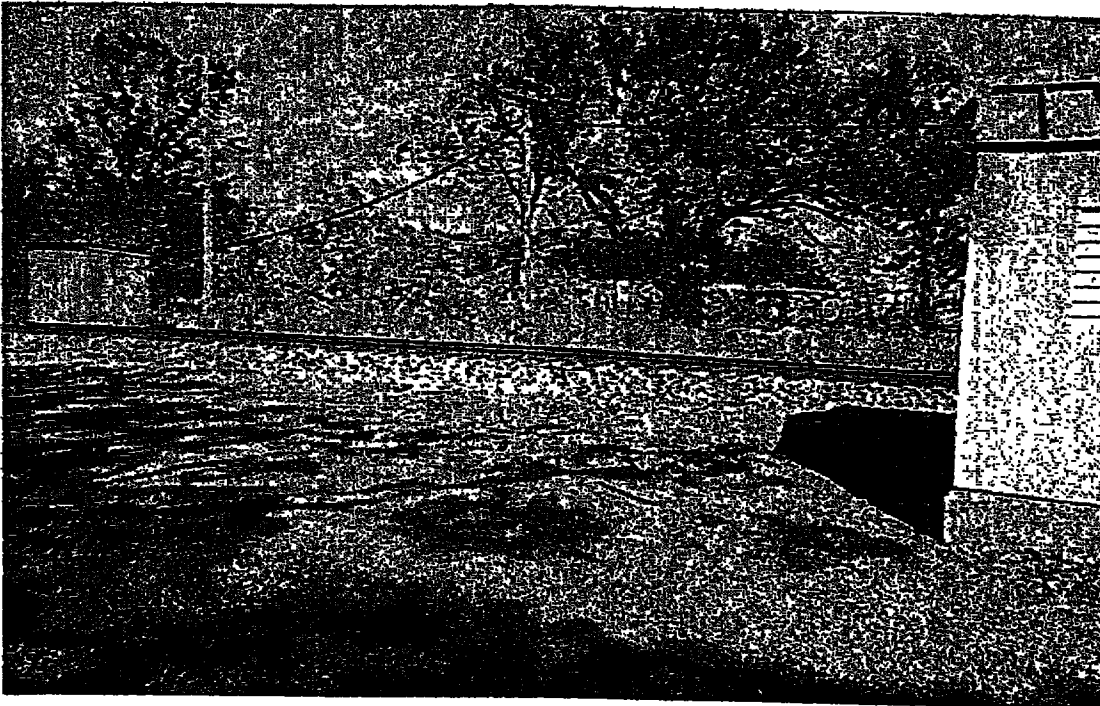
**DESIGNATION: M 106**

**PID: NE0816**

**EXHIBIT 4**  
**PAGE 3 of 4**



**DESIGNATION: P 106**



# Thomas M. Smith, PS

Professional Land Surveyor

Licensed since 1985

PID: NE0818

DESIGNATION: 48 1/2

PID: NE0377

EXHIBIT 4

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DESIGNATION: Q 106

PID: NE0378

